

**Office of the Governor
Division of Administration**



Office of Risk Management

Annual Report

June 30, 2003



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Office Profile

Mission Statement

The mission of the Office of Risk Management (ORM) is to develop, direct, achieve and administer a cost effective comprehensive risk management program for all agencies, boards and commissions of the State of Louisiana and for any other entity for which the state has an equity interest, in order to preserve and protect the assets of the State of Louisiana.

History

The Office of Risk Management was created within the Division of Administration by R.S. 39:1527, et seq., in order to provide a comprehensive risk management program for the state.

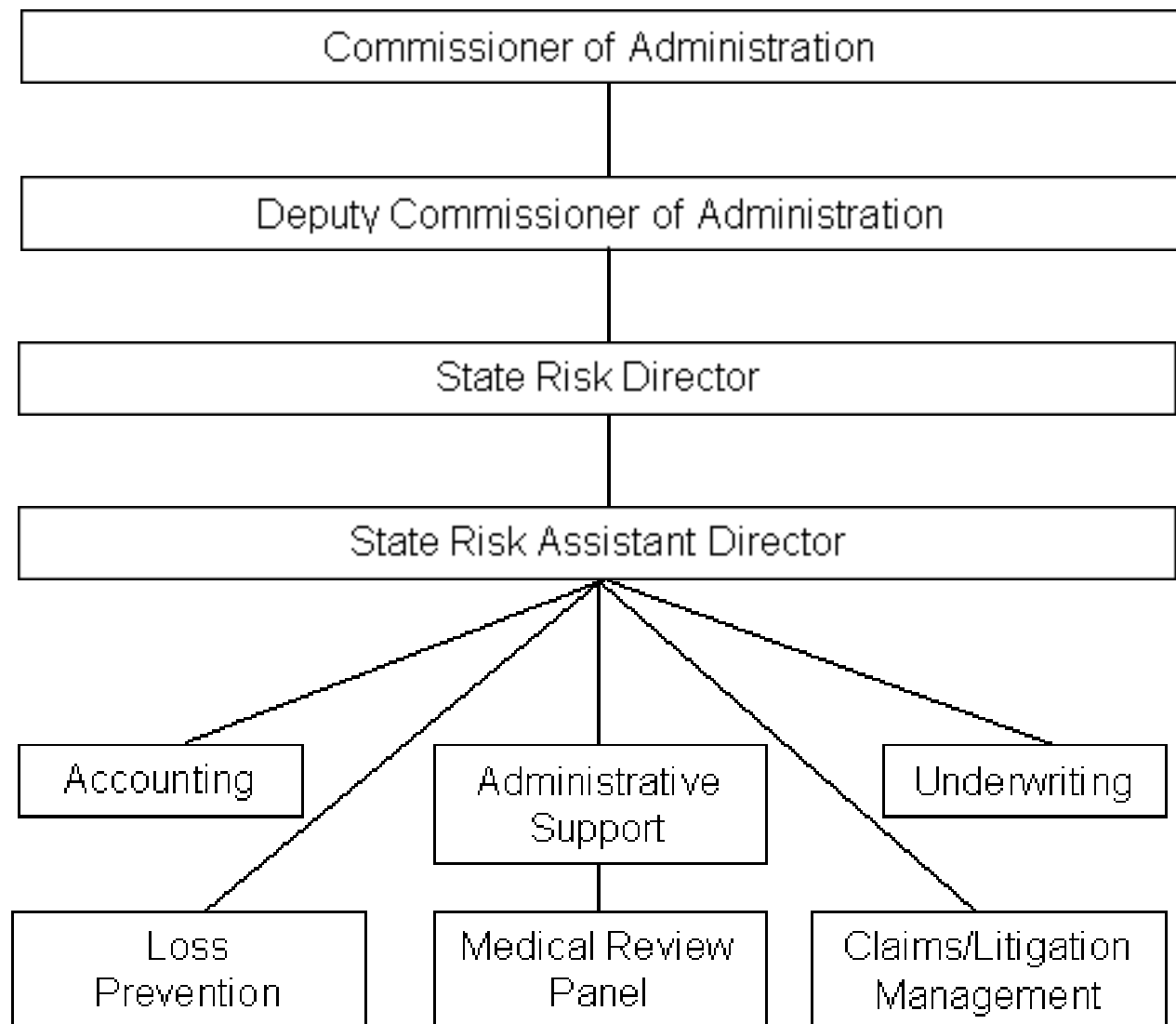
Coverages Provided

R.S. 39:1527, et seq., further designates the Office of Risk Management to be solely responsible for all Property and Casualty and Worker's Compensation insurance purchased by ORM or self-insured by ORM for all State departments, agencies, boards, and commissions.

The Office of Risk Management provides Workers' Compensation coverage to all of the State's approximately 104,277 employees. Coverage is provided for State property valued at \$7,312,779,745. ORM also provides coverage for employee bonds, crime, automobile liability and physical damage, comprehensive general liability, personal injury liability, boiler and machinery, medical malpractice, road hazards and miscellaneous tort coverage for those tort claims not otherwise covered.

Other coverages are provided, as needed, such as excess over self-insurance, specific excess for crime, aviation, wet marine, and bridge property damage.

Organizational Chart



Office Directory

MAIN OFFICE

Mailing Address

P.O. Box 91106
Baton Rouge, LA 70821-9106

MAIN OFFICE

Location Address

1201 N. 3rd Street, Room G-192
Baton Rouge, LA 70802

Loss Prevention Branch Offices

Lafayette

825 Kaliste Saloom Road, Bldg. 3, Suite 205
Lafayette, LA 70508
(504) 262-5113

Monroe

122 St. John Street
Post Office Box 1661
Monroe, LA 71210-1661
(318) 362-3308

New Orleans

1600 Canal Street, Suite 5229
New Orleans, LA 70112
(504) 568-8804

Alexandria

3744 Government Street
Alexandria, LA 71301
(318) 487-5714

Shreveport

State Office Building
1525 Fairfield Ave., Box 2
P.O. Box 37631
Shreveport, LA 71133-7631
(504) 676-7647

Claims Branch Offices

Lafayette

825 Kaliste Saloom Road, Bldg. 3, Suite 205
Lafayette, LA 70508
(504) 262-5113

Monroe

122 St. John Street
Post Office Box 1661
Monroe, LA 71210-1661
(318) 362-3307

New Orleans

1600 Canal Street, Suite 5229
New Orleans, LA 70112
(504) 599-1401

Alexandria

3744 Government Street
Alexandria, LA 71301
(318) 487-5701

Shreveport

State Office Building
1525 Fairfield Ave., Box 2
P.O. Box 37631
Shreveport, LA 71133-7631
(504) 676-7649

Actuary

Tillinghast-Towers Perrin
1200 Riverplace Boulevard
Suite 610
Jacksonville, FL 32207-1803
Telephone: (904) 398-5661
Fax: (904) 399-8267

Managerial Staff

**J.S. "Bud" Thompson, Jr.
State Risk Director
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(225) 342-8412**

**Patricia H. Reed
State Risk Assistant Director
Pat.Reed@la.gov
(225) 342-1221**

**Ann Wax
State Risk Claims Officer
Ann.Wax@la.gov
(225) 219-0012**

**Tom Averett
Accountant Administrator
Tom.Averett@la.gov
(225) 342-8427**

**Pam Whiteside
Information Technology Liaison Officer Manager
Pam.Whiteside@la.gov
(225) 219-0011**

**Tommy Arbour
State Risk Underwriting Manager
Tommy.Arbour@la.gov
(225) 342-8472**

**Jack Young
State Risk Assistant Director for Litigation Management
Jack.Young@la.gov
(225) 219-0184**

Achievements

Accounting

The Accounting Unit of the Office of Risk Management has completed another successful year and continues to provide management with accurate, timely, fiscal data to enable and enhance the decision making process.

In addition to the routine daily activities that support the functions listed below, the Accounting Unit officer and managers were involved in providing specialized information and analyses for the Director, Commissioner, Assistant Commissioner and on an "as needed" basis for the Division of Administration, Office of State Planning and Budget, Joint Legislative Committee on the Budget, Legislative Fiscal Office and other agencies statewide.

- Cash Management of \$172 million
- Accounts Payable
- Accounts Receivable
- Fixed Asset Management
- Payroll processing for 130 employees
- Imprest Fund System
- Bank Reconciliation for approximately 7000 checks monthly
- Cost Accounting and Analyses
- Monitoring and Quality Control on Claims Management System
- Budget Preparation for total budget of \$175 million
- Budget Monitoring by cost center (monthly) on 23 cost centers
- Actuarial Reporting on 15 lines of self-insurance for claim reserves (liabilities) totaling in excess of \$1.2 billion
- Maintenance of a computerized accrual Accounting System for financial reporting of 18 lines of insurance for managerial purposes and a modified accrual basis system for state wide financial reporting
- Billing documents for each of the approximately 200 state billing entities on ISIS
- Processing of all travel expense reports
- Assisting with Premium Development on 15 lines of self-insurance
- Processing Litigation Division/Department of Justice payments and entry to Claims System
- Distribution of approximately 7000 checks per month
- Preparation of approximately 1,350 contracts and 800 amendments
- Payment of approximately \$10 million for contract legal services and \$1.5 million for contract investigative/adjusting services
- Maintained the use of "experience rating" in premium development

Claims

As of June 30, 2003 the claims section had 14,598 pending claims (occurrence basis) with outstanding reserves of \$624,125,127.

The claims section is in the second year of use of TeleNet Claims (TCNet) which is the electronic process for state agencies to submit workers' compensation claims by utilizing the Internet. TCNet arose out of efforts to reduce the amount of time it takes to initiate workers' compensation benefits since there are time restraints in the workers' compensation statutes for payment of indemnity and medical benefits. Approximately 39 % of our workers compensation claims are received by TCNet. Our administration of transitional duty employment and utilization of vocational rehabilitation services has returned 42 % of referrals to some form of employment. Medical bills associated with workers' compensation claims are submitted for review and paid in accordance with a medical fee schedule for various types of medical services/procedures. We realized a total savings of \$ 6,710,450.35 through bill review and fee scheduling, which is an increase in savings of \$ 1,453,473.78 over last fiscal year. In addition, the workers' compensation unit recovered \$ 1,521,019.46 from the Second Injury Board. Subrogation efforts resulted in recoveries totaling \$ 1,039,365.47.

In the Road Hazards Unit, we have continued the ORM/LSP Accident Reconstruction Program. During the 2003-2004 fiscal year, ORM, the Louisiana State Police and the Louisiana DOTD investigated 189 highway accidents. Coordinated efforts between the agencies resulted in the correction of numerous roadway deficiencies around the state. To date, 74 lawsuits have been filed against the La. Dept. of Transportation and Development in which the La. State Police conducted an investigation through the ORM/LSP Accident Reconstruction Program. As these claims proceed through the litigation process and become final, we will be able to report on the results and success of the program. Also, we continue to conduct the Interagency Road Hazard Committee Quarterly Meetings, a forum where representatives from the Office of Risk Management, Office of the Attorney General, La. Department of Transportation and Development, Louisiana State Police and the Louisiana Highway Safety Commission meet to discuss highway tort issues, discuss problems and possible solutions. During the 2003-2004 fiscal year, the Office of Risk Management provided funding to the Louisiana State Police for crash reconstruction training. In addition, ORM has conducted meetings with DOTD Headquarters and District personnel to provide pre-litigation accident investigation training.

Loss Prevention

Fiscal year July 1, 2002 – June 30, 2003 continued to be a very productive and rewarding year for the Unit. Following the revision of Louisiana Revised Statutes 39:1536-43 in 2000 to allow the Office of Risk Management to credit or charge agencies 5% of their annual premium following the annual Loss Prevention Audit, all Departments

continue to maintain a Loss Prevention Program. The Unit audited 276 audit locations with 176 or 64% that passed.

The Interagency Advisory Council continues to meet quarterly to provide the Departments with information regarding current events at the Office of Risk Management. One or more representatives from each Department attends the meeting to discuss any matter relating to the state's self-insured program.. Speakers are from the various units of ORM and discuss items of importance to the Departments. Private companies provide new information to the council to assist them in maintaining the highest standards of insurance and loss control.

"Workplace Safety" courses continued to provide the agencies with the information necessary to pass the Loss Prevention Audit and to assist them in rendering a safe workplace for employees. Topics taught include Accident Investigation, Asbestos Awareness, Bloodborne Pathogens, Boater Safety (with WL& F), Bonds, Crime and Other Exposures, Confined Space Entry, Developing Effective Safety Meetings, Driver Safety, Drug Testing and Substance Abuse, Electrical Safety, Emergency Preparedness, Employment Practice Liability, Ergonomics in the Workplace, Fire Safety, Forklift Safety, Fundamentals of Boiler Operation and Maintenance (with Hartford), Hand Tool Training, Hazard Communication, Hazardous Materials, Indoor Air Quality, Job Safety Analysis, Laboratory Safety, Lock-Out Tag-Out, The Loss Prevention Program, Material Safety Data Sheets, Preventing a Hostile Work Environment, Respiratory Protection, Safety Inspections, Safety Meetings, Safety Motivation, Security Awareness, Supervisor Responsibility, Tuberculosis, Violence in the Workplace and Workplace Threats. The defensive driving program, Next Step Coaching, is still used to train all state employees.

The State Land and Building System (SLABS) is the program that allows the Loss Prevention Unit to update all buildings in a five year (5) period. There are approximately eight thousand eight hundred ninety four (8,894) state owned structures with replacement values in excess of six-billion five hundred thirty five million (\$6,535,528,735) dollars. Replacement cost of the non state owned buildings exceeds one hundred seventeen million three hundred thousand (\$117,306,901).

Loss Prevention maintains and loans approximately three hundred (300) safety videos for use by all agencies to assist them in their loss prevention program.

Underwriting

2002 continued as a hard insurance market because of the events in 2001. Renewals of all insurance coverages for governmental entities continue to be very expensive and almost impossible to obtain. Terrorism exclusion endorsements continue industry-wide along all lines of insurance.

By increasing the self-insurance limit to \$50,000,000 per occurrence and including a terrorism exclusion endorsement, the Office of Risk Management was successful in

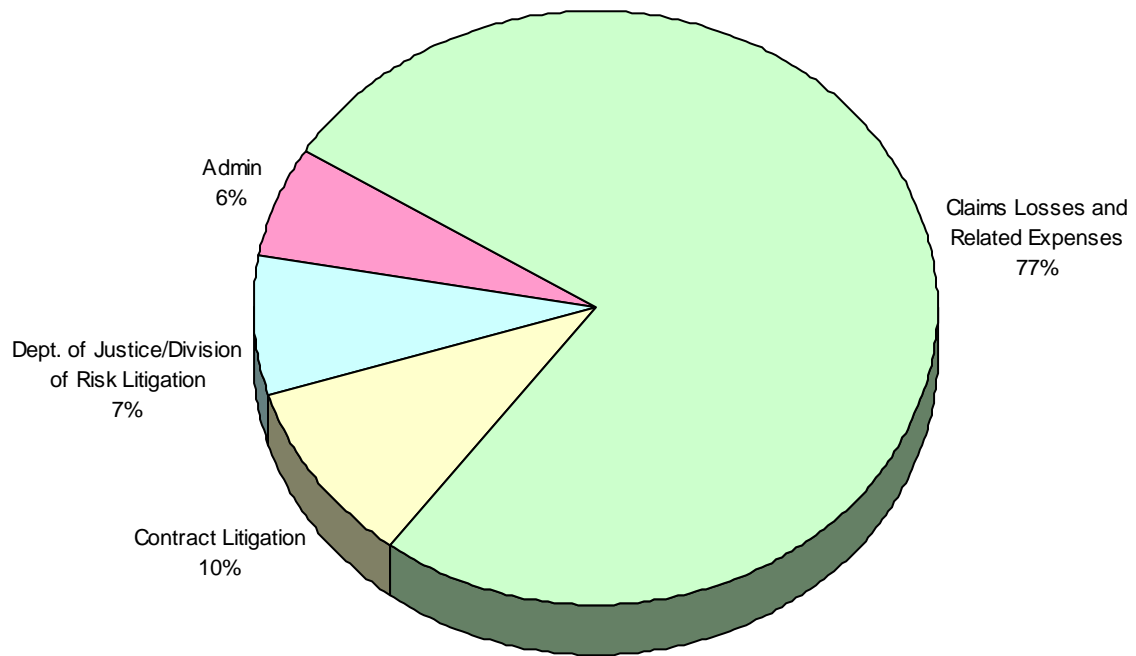
procuring \$250,000,000 excess blanket property coverage per occurrence at a cost of \$4,915,758.00 for July 1, 2002.

By allowing the addition of terrorism exclusions endorsements to the existing excess bridge property damage policies and to the existing builder's risk policy, the Office of Risk Management was able to continue these coverage's at the existing rates for July 1, 2002. The Superdome Crime coverage was also continued at the same rate and without a terrorism endorsement. It is extremely beneficial to the State when coverages are continued at the same rate; large premium increases are avoided, which would have occurred if coverage had to be re-bid.

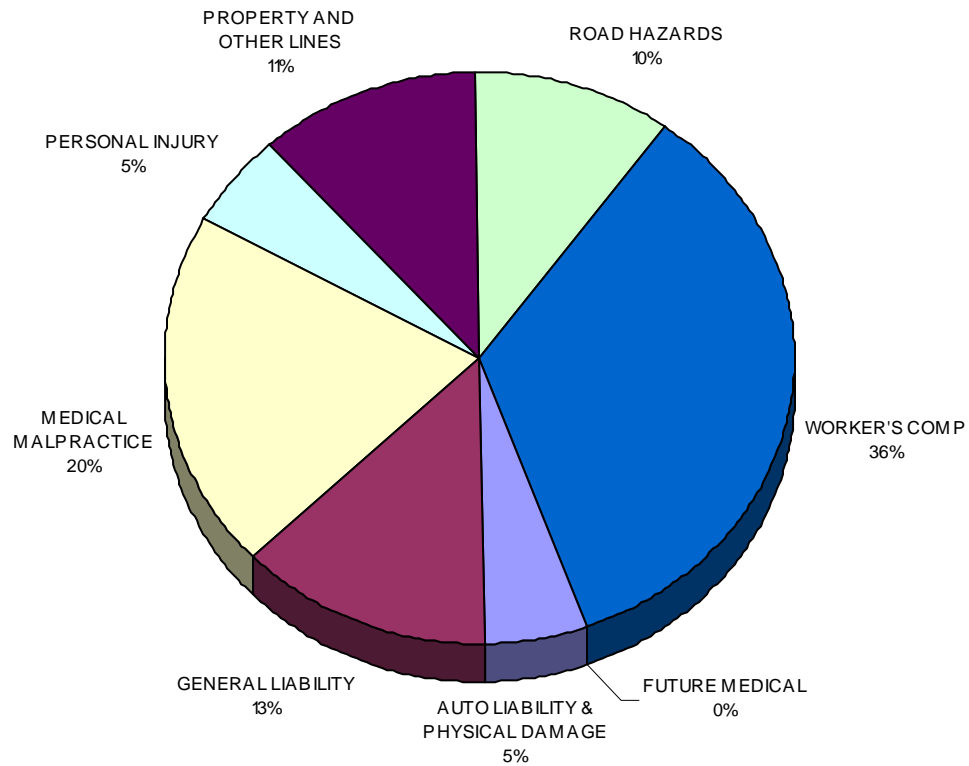
Most liability lines of insurance had to be re-bid, due to insurance company cancellation because of the need for rate increases in the hard market. The lines of insurance successfully re-bid with moderate rate increases and a terrorism exclusion endorsement include the following: Excess Liability, Aviation, Airport, Wet Marine, Superdome General Liability, Superdome Workers Compensation, Excess Bond and Excess Crime.

ORM continues to improve service to the agencies. During this fiscal year, the bond exposure report was simplified and converted to an online application. The quarterly risk exposure report continues as an online reporting system. These changes have resulted in faster and more efficient exposure data collection from the agencies.

Cash Expenditures by Budget Program

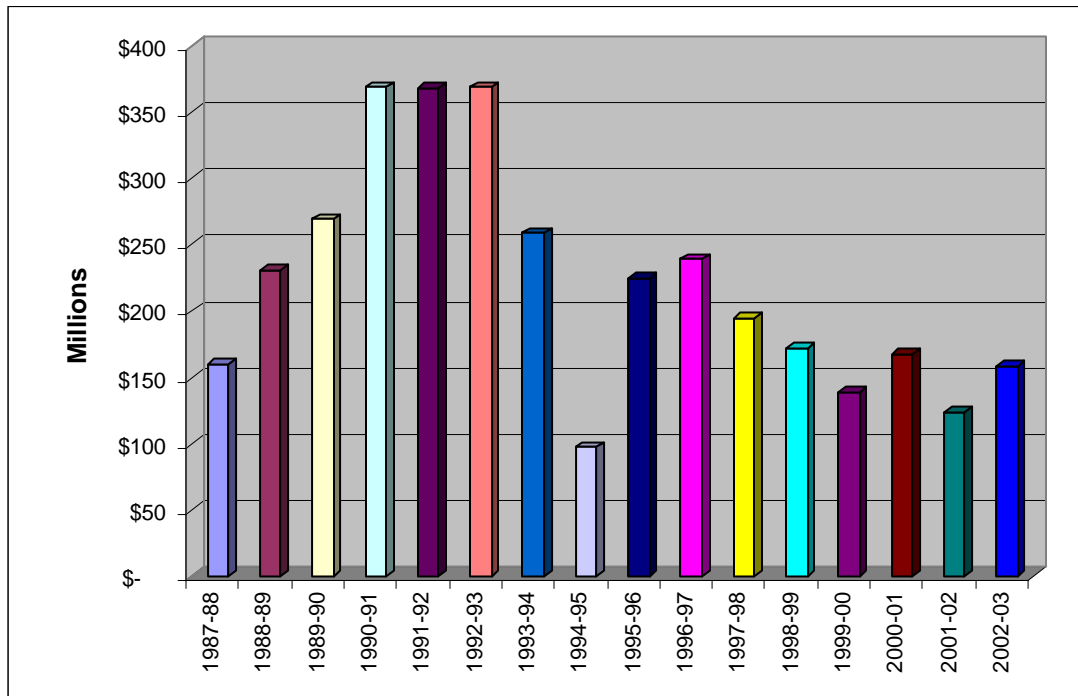


Cash Expenditures by Line of Insurance



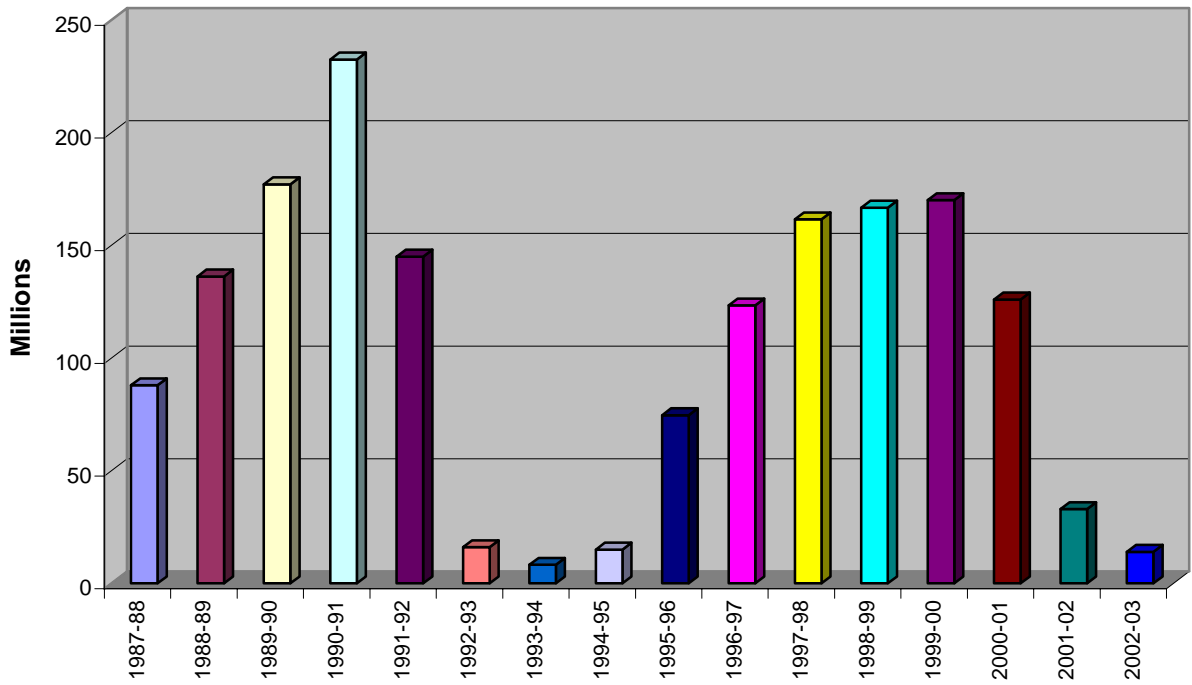
Note: The cash expenditures for road hazards were for expenses only; the expenditures do not include road hazard losses which were paid through legislative appropriation and not by the Office of Risk Management.

Budget



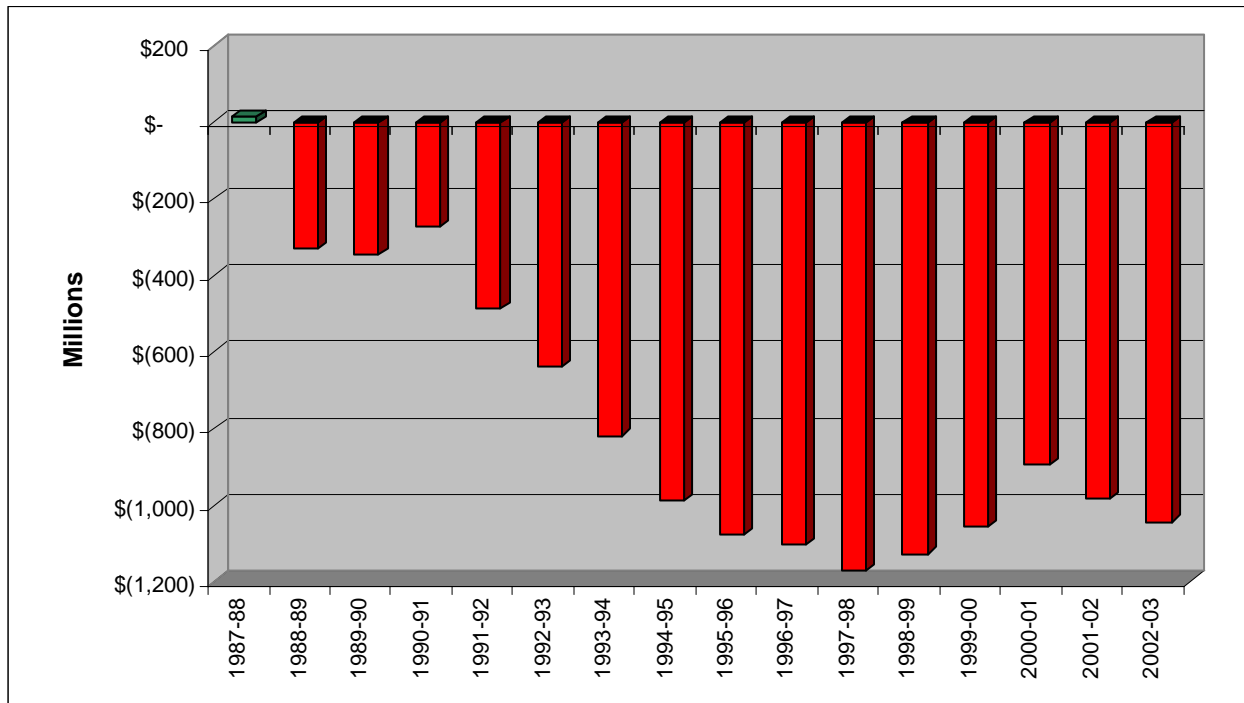
Fiscal Year	Total Budget
1987-88	\$ 160,000,000
1988-89	\$ 231,163,517
1989-90	\$ 269,404,983
1990-91	\$ 368,818,757
1991-92	\$ 368,317,741
1992-93	\$ 368,844,694
1993-94	\$ 258,879,001
1994-95	\$ 97,565,325
1995-96	\$ 224,846,405
1996-97	\$ 239,326,671
1997-98	\$ 194,393,632
1998-99	\$ 171,675,510
1999-00	\$ 139,457,883
2000-01	\$ 167,491,519
2001-02	\$ 124,096,116
2002-03	\$ 158,581,579

Cash Balance



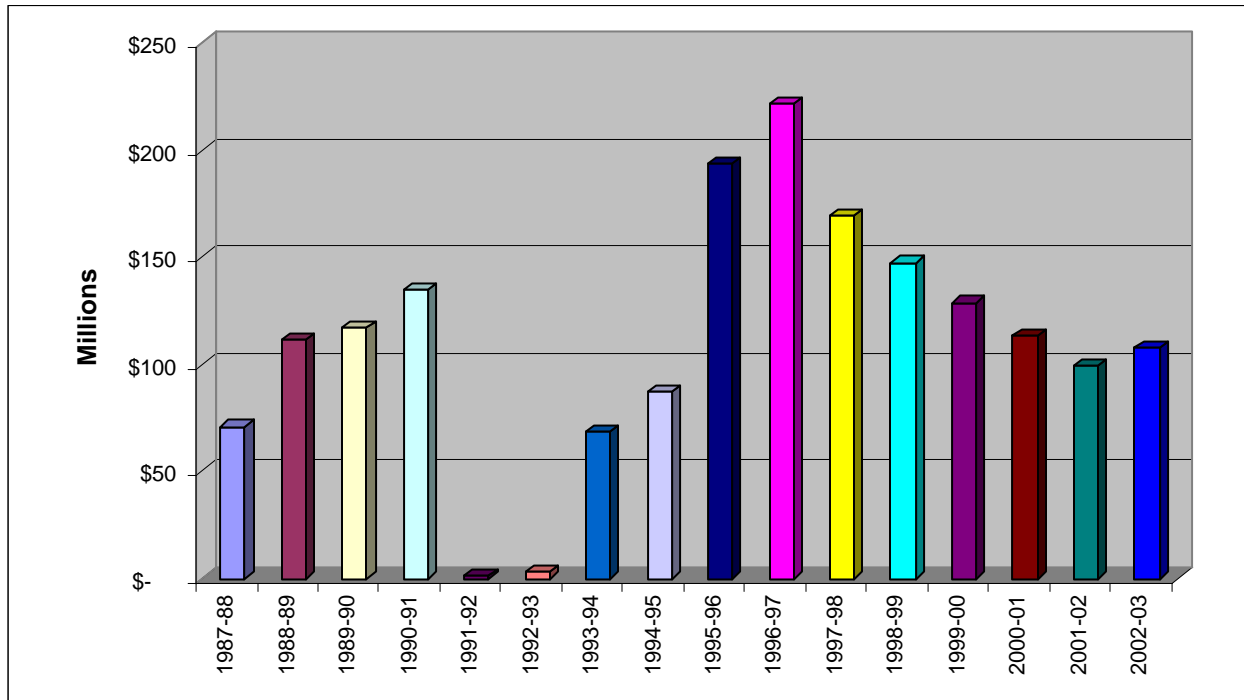
Fiscal Year	Total Cash Balance
1987-88	\$ 87,983,512
1988-89	\$ 136,197,880
1989-90	\$ 177,167,033
1990-91	\$ 232,570,471
1991-92	\$ 145,048,419
1992-93	\$ 16,054,526
1993-94	\$ 8,284,465
1994-95	\$ 15,004,482
1995-96	\$ 74,693,176
1996-97	\$ 123,354,824
1997-98	\$ 161,624,140
1998-99	\$ 166,761,033
1999-00	\$ 170,099,177
2000-01	\$ 126,071,172
2001-02	\$ 33,018,390
2002-03	\$ 14,478,728

Fund Equity



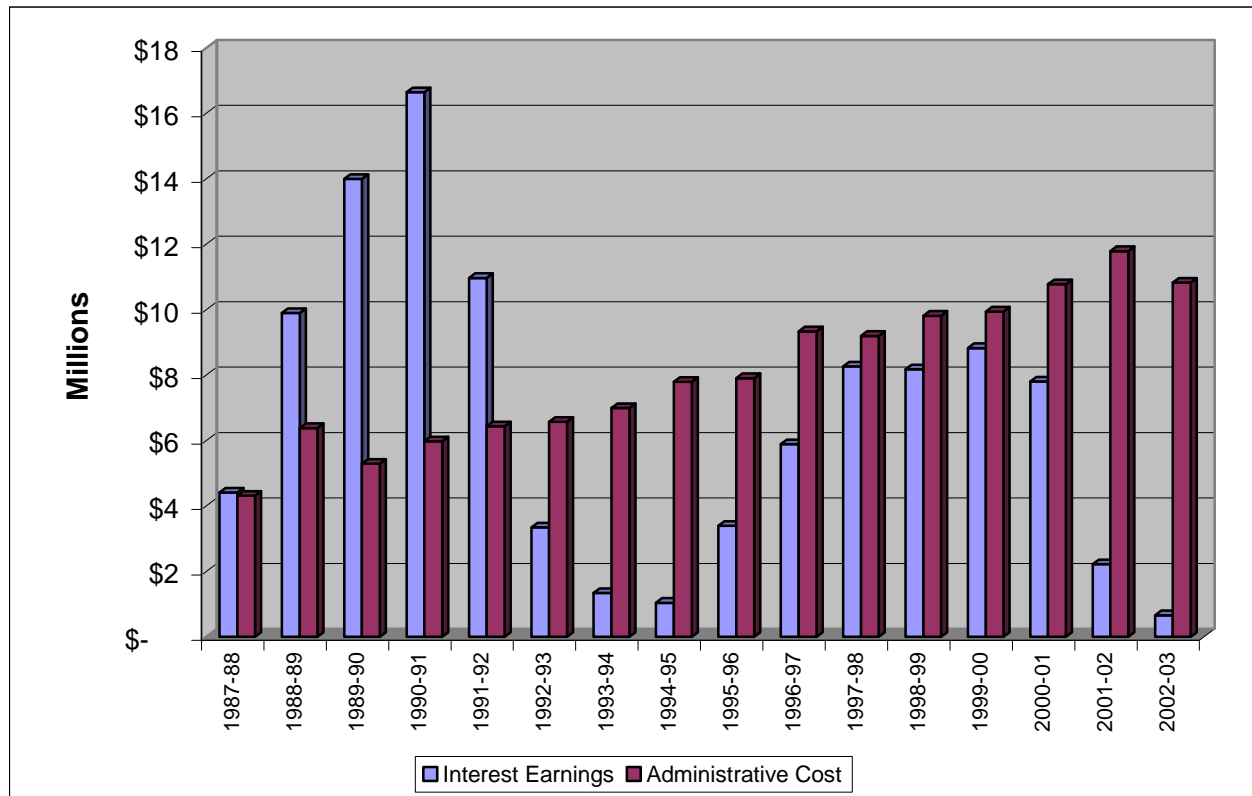
Fiscal Year	Total Fund Equity
1987-88	\$ 13,014,112
1988-89	\$ (331,090,858)
1989-90	\$ (346,662,508)
1990-91	\$ (271,958,071)
1991-92	\$ (486,507,461)
1992-93	\$ (637,901,253)
1993-94	\$ (818,644,299)
1994-95	\$ (989,537,511)
1995-96	\$ (1,078,065,151)
1996-97	\$ (1,103,819,414)
1997-98	\$ (1,169,748,070)
1998-99	\$ (1,126,332,490)
1999-00	\$ (1,058,050,563)
2000-01	\$ (892,190,771)
2001-02	\$ (984,477,740)
2002-03	\$ (1,043,097,424)

Premiums Collected



Fiscal Year	Total Premium Collected
1987-88	\$ 70,933,701
1988-89	\$ 111,864,517
1989-90	\$ 116,745,861
1990-91	\$ 134,591,411
1991-92	\$ 1,775,132
1992-93	\$ 3,145,241
1993-94	\$ 68,845,869
1994-95	\$ 87,348,273
1995-96	\$ 193,360,233
1996-97	\$ 221,425,973
1997-98	\$ 169,004,359
1998-99	\$ 147,388,790
1999-00	\$ 128,793,146
2000-01	\$ 113,254,354
2001-02	\$ 99,215,760
2002-03	\$ 107,363,592

Interest Earnings vs Administrative Cost



Fiscal Year	Interest Earnings	Administrative Costs ¹
1987-88	\$ 4,412,202	\$ 4,313,789
1988-89	\$ 9,900,102	\$ 6,383,078
1989-90	\$13,999,243	\$ 5,290,218
1990-91	\$16,648,961	\$ 5,976,164
1991-92	\$10,973,250	\$ 6,437,556
1992-93	\$ 3,346,419	\$ 6,574,934
1993-94	\$ 1,342,554	\$ 6,995,833
1994-95	\$ 1,042,107	\$ 7,794,305
1995-96	\$ 3,396,422	\$ 7,908,967
1996-97	\$ 5,887,778	\$ 9,338,184
1997-98	\$ 8,264,904	\$ 9,201,017
1998-99	\$ 8,177,315	\$ 9,818,911
1999-00	\$ 8,829,597	\$ 9,944,946
2000-01	\$ 7,808,733	\$10,779,811
2001-02	\$ 2,222,094	\$11,794,264
2002-03	\$ 659,603	\$10,829,741

¹ Includes Administrative and unallocated expenses (adjusting and Second Injury/Workers' Comp Assessments).

Premium Comparison & Program Savings

ESTIMATED EQUIVALENT COMMERCIAL PREMIUM 2002-2003

<i>Line of Business</i>	<i>Estimated Premium</i>	<i>Cost of Excess</i>	<i>Deficit Reduction</i>	<i>Total Commercial Equivalent</i>	<i>ORM Premiums</i>	<i>Savings</i>
Workers' Compensation	\$ 55,892,457	\$ -	\$ 16,142,262	\$ 72,034,719	\$ 29,295,446	\$ 42,739,273
W.C. Maritime	615,406	349,250	1,085,957	2,050,613	\$ 1,150,576	900,037
General Liability	34,266,428	2,095,700	2,213,758	38,575,886	\$ 18,333,316	20,242,570
Personal Injury Liability	22,489,385	428,400	8,626,187	31,543,972	\$ 11,196,456	20,347,516
Auto Liability	14,659,396	330,400	2,622,537	17,612,333	\$ 6,325,431	11,286,902
Auto Physical Damage	1,585,925	-	1,009,837	2,595,762	\$ 1,250,455	1,345,307
Property Damage	14,079,513	5,071,500	3,800,765	22,951,778	\$ 8,302,166	14,649,612
Boiler & Machinery	2,469,972	591,473	606,755	3,668,200	\$ 883,778	2,784,422
Bonds/Crime	50,310	254,711	34,169 *	339,190	\$ 282,102	57,088
Marine	142,101	1,568,639	-	1,710,740	\$ 1,772,617	(61,877)
Aviation	194,362	1,000,567	-	1,194,929	\$ 1,087,814	107,115
Medical Malpractice	94,651,617	-	15,406,812	110,058,429	\$ 30,125,537	79,932,892
Road & Bridge Hazard	44,318,561	2,315,500	58,052,105 **	104,686,166	\$ -	104,686,166
Miscellaneous Tort	1,654,699	-	2,325,897	3,980,596	\$ 1,410,693	2,569,903
	\$ 287,070,132	\$ 14,006,140	\$ 111,927,041	\$ 413,003,313	\$111,416,387	\$301,586,926

* Crime has surplus equals to \$1,119,735.

* Bond deficit is \$34,169.

**Note: Commercial Equivalent for Road & Bridge is shown for informational purposes only since ORM is not collecting premiums and is only paying expenses for claims, not losses.

Statement of Actuarial Opinion

STATEMENT OF ACTUARIAL OPINION

Page 1 of 2

I, Michael Bayard Smith, am associated with Tillinghast-Towers Perrin. I am a member of the American Academy of Actuaries and meet its qualification standards for signing statements of actuarial opinion for property and casualty lines of business. I am a Fellow of the Casualty Actuarial Society.

I have examined the undiscounted reserves for unpaid loss and loss adjustment expense liabilities at June 30, 2003 as presented by the Office of Risk Management, Division of Administration, State of Louisiana (ORM) in its June 30, 2003 financial package.

The scope of my review included all risk groups except the uninsured lines (non-reviewed risk groups). The liabilities I reviewed were on a nominal (undiscounted) basis. The reserves stated by ORM are as follows:

1. Total Loss & Loss Expense Reserves for Reviewed and Non-Reviewed Risk Groups	\$1,089,947,573
2. Reserve for Non-Reviewed Risk Groups	\$70,600,020
3. Total of Reserves for Reviewed Risk Groups [(1) - (2)]	\$1,019,347,553

My examination included the performance of independent projections of ORM's loss and loss adjustment expense liabilities and such other tests and procedures as I considered necessary. In making my examination, I relied upon ORM as to the accuracy and completeness of the loss and loss expense data and other related information provided to me.

My independent estimates of the reserves net of excess insurance are computed in accordance with commonly accepted actuarial methods on an ultimate undiscounted basis and are based upon actuarial assumptions which are reasonable given the coverages provided and the information available. My estimates make no provision for either the extraordinary future emergence of new classes of losses or losses, which are not yet quantifiable. I have not anticipated any contingent liabilities that may exist in the event that any of the companies providing excess insurance might be unable to meet their obligations to ORM under existing excess insurance agreements.

Due to the inherent uncertainty associated with actuarial projections of future contingent events, it is possible that the actual future payments associated with the disposition of current loss and loss adjustment expense liabilities could prove to be materially different from the estimated amounts underlying the reserves in the financial package.

It should be noted that ORM's financial package indicates that cash assets are less than \$15 million and that total liabilities are in excess of \$1 billion as of June 30, 2003.

*Tillinghast -
Towers Perrin* _____

Statement of Actuarial Opinion(continued)

STATEMENT OF ACTUARIAL OPINION

Page 2 of 2

In my calculations I have assumed that sufficient assets will become available on a timely basis such that ORM will be able to meet its claim payment obligations. In the event that sufficient assets do not become available on a timely basis, there may be a material impact upon our estimates.


As of June 30, 2003, ORM is holding \$70,600,020 as a reserve for unpaid loss and loss adjustment expense obligations arising from the uninsured lines. Review of the reserves for the uninsured lines is outside the scope of our analysis. I have, therefore, excluded the uninsured lines from the opinion stated in the next paragraph.

In my opinion, except for the uninsured lines risk group (as explained in the preceding paragraph), the amount stated of \$1,019,347,553 as the reserve for estimated loss and loss adjustment expense liabilities:

- (1) is fairly stated in accordance with sound actuarial principles; and
- (2) makes a reasonable provision for the unpaid loss and loss adjustment expense obligations associated with the lines reviewed.

This statement of opinion is solely for the use of and is only to be relied upon by public officials of the State of Louisiana who have access to and the ability to understand the data and operations of ORM. Such knowledge is required in order to place appropriate reliance on this opinion.

August 28, 2003


Michael Bayard Smith, FCAS, MAAA
1200 Riverplace Boulevard, Suite 610
Jacksonville, Florida 32207-1803
(904) 391-1915

Financial Statements

Office of Risk Management

Balance Sheet

<u>ASSETS</u>	
Cash and investments	\$14,489,728
Insurance/reinsurance balances receivable	\$18,643,231
Less reserve for abolished agencies	\$0
Interest receivable and other assets	\$15,676
Prepaid insurance	\$15,385,757
Machinery	\$768,205
Less: Accumulated depreciation	\$434,782
TOTAL ASSETS	\$48,867,815
<u>LIABILITIES AND FUND EQUITY</u>	
<u>LIABILITIES</u>	
Loss and expense reserves	\$1,087,990,666
Unearned premium	\$83,727
Other liabilities	\$3,890,846
TOTAL LIABILITIES	\$1,091,965,239
<u>FUND EQUITY</u>	
TOTAL FUND EQUITY	(\$1,043,097,424)
TOTAL LIABILITIES AND FUND EQUITY	\$48,867,815

Statement of Revenues and Expenses

<u>OPERATING REVENUES</u>	
Premiums written	\$111,416,387
General fund appr./non-tort reimbursement	\$16,215,996
Add unearned premium from prior year	\$83,727
Less unfunded premium	\$0
Less unearned premium at statement date	\$83,727
Less cost of insurance	\$21,815,161
TOTAL INCOME	\$105,817,222
<u>OPERATING EXPENSES</u>	
General and administrative expenses	\$3,928,493
Claims cost:	
Losses	\$77,470,554
Allocated loss adjustment expense	\$31,703,700
Unallocated loss adjustment expense	\$6,877,775
Change in provision for losses/expenses	\$44,684,074
TOTAL EXPENSES	\$164,664,596
NET INCOME(LOSS) FROM OPERATIONS	(\$58,847,374)
<u>NON-OPERATING REVENUES AND EXPENSES</u>	
Interest income	\$659,603
Gain(loss) on sale of fixed assets/misc. inc.	\$0
TOTAL OTHER INCOME/LOSS	\$659,603
TOTAL NET INCOME/LOSS	(\$58,187,771)
RETAINED EARN./FUND BAL. JULY 1, 2002	(\$984,477,740)
Current income(loss)	(\$58,187,771)
Prior year adjustments	(\$431,913)
RETAINED EARN./FUND BAL. JUNE 30, 2003	(\$1,043,097,424)

NOTE: The statements contained in this report are unaudited.

Auto Liability

AUTO LIABILITY

Balance Sheet

ASSETS

Cash & investments - State Treasury	\$14,785,183
Insurance/reinsurance balances receivable	\$48,992
Less reserve for abolished agencies	\$0
Interest receivable and other assets	\$562
Prepaid insurance	\$330,400
Machinery	\$79,775
Less: Accumulated depreciation	\$58,585
TOTAL ASSETS	\$15,186,327

LIABILITIES AND FUND EQUITY

LIABILITIES

Loss and expense reserves	\$29,782,049
Unearned premium	\$0
Other liabilities	\$100,665
TOTAL LIABILITIES	\$29,882,714

FUND EQUITY

TOTAL FUND EQUITY	(\$14,696,387)
TOTAL LIABILITIES AND FUND EQUITY	\$15,186,327

Statement of Revenues and Expenses

OPERATING REVENUES

Premiums written	\$6,325,431
General fund appr./non-tort reimbursement	\$0
Add unearned premium from prior year	\$0
Less unfunded premium	\$0
Less unearned premium as of date of statement	\$0
Less cost of insurance	\$330,400
TOTAL INCOME	\$5,995,031

OPERATING EXPENSES

General and administrative expenses	\$166,895
Claims cost:	
Losses	\$4,006,872
Allocated loss adjustment expense	\$1,108,992
Unallocated loss adjustment expense	\$133,373
Change in provision for losses/expenses	\$2,976,494
TOTAL EXPENSES	\$8,392,626

NET INCOME(LOSS) FROM OPERATIONS	(\$2,397,595)
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NON-OPERATING REVENUES AND EXPENSES

Interest income	\$25,506
Gain(loss) on sale of fixed assets and misc. income	\$0
TOTAL OTHER INCOME/LOSS	\$25,506

TOTAL NET INCOME/LOSS	(\$2,372,089)
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RETAINED EARN./FUND BAL. JULY 1, 2002	(\$12,251,939)
Current year income(loss)	(\$2,372,089)
Prior year adjustments	(\$72,359)
RETAINED EARN./FUND BAL. JUNE 30, 2003	(\$14,696,387)

Auto Liability

Claims Reported 7/1/2002 - 6/30/2003		
	Agency	Number of Claims Reported
0500	DEPT. TRANSPORTATION & DEVELPMNT	348
2200	DEPARTMENT OF PUBLIC SAFETY	173
2000	DEPARTMENT OF CORRECTIONS	140
4400	LSU SYSTEM	105
4800	TRUSTEES SYSTEM OF UNIVERSITIES	72
1000	DEPT. OF HEALTH AND HOSPITALS	69
3700	DEPT. OF AGRICULTURE & FORESTRY	57
2800	DEPT. OF WILDLIFE & FISHERIES	37
1800	DEPARTMENT OF SOCIAL SERVICES	26
2170	DEPARTMENT OF YOUTH DEVELOPMENT	19
0010	EXECUTIVE DEPARTMENT	18
6000	LA. COMMUNITY & TECHNICAL COLLEGE SYSTEM	16
3400	DEPARTMENT OF JUSTICE	14
0400	DIVISION OF ADMINISTRATION	12
4600	SOUTHERN UNIVERSITY SYSTEM	12
2400	DEPT OF ENVIRONMENTAL QUALITY	11
3100	DEPT. CULTURE, RECREATION, TOURISM	11
0900	LSUMC HEALTH CARE SERVICES DIVISION	10
5800	SPECIAL SCHOOLS & EDUCATN AGENCY	9
7200	MISC. BOARDS & COMMISSIONS	9
2300	DEPARTMENT OF NATURAL RESOURCES	6
2900	DEPARTMENT OF REVENUE	2
7600	LEGISLATURE	2
7700	JUDICIARY	2
9996	NON-AGENCY CLAIMS	2
4100	DEPARTMENT OF EDUCATION	1
4300	DEPARTMENT OF PUBLIC SERVICE	1
	Sum:	1184

Auto Physical Damage

AUTO PHYSICAL DAMAGE

Balance Sheet

ASSETS

Cash & investments - State Treasury	(\$3,818,741)
Insurance/reinsurance balances receivable	\$2,361
Less reserve for abolished agencies	\$0
Interest receivable and other assets	\$0
Prepaid insurance	\$0
Machinery	\$11,721
Less: Accumulated depreciation	\$2,045
TOTAL ASSETS	(\$3,806,704)

LIABILITIES AND FUND EQUITY

LIABILITIES

Loss and expense reserves	\$546,647
Unearned premium	\$0
Other liabilities	\$21,837
TOTAL LIABILITIES	\$568,484

FUND EQUITY

TOTAL FUND EQUITY	(\$4,375,188)
TOTAL LIABILITIES AND FUND EQUITY	(\$3,806,704)

Statement of Revenues and Expenses

OPERATING REVENUES

Premiums written	\$1,250,455
General fund appr./non-tort reimbursement	\$0
Add unearned premium from prior year	\$0
Less unfunded premium	\$0
Less unearned premium as of date of statement	\$0
Less cost of insurance	\$0
TOTAL INCOME	\$1,250,455

OPERATING EXPENSES

General and administrative expenses	\$224,965
Claims cost:	
Losses	\$1,300,151
Allocated loss adjustment expense	\$16,078
Unallocated loss adjustment expense	\$156,312
Change in provision for losses/expenses	(\$298,507)
TOTAL EXPENSES	\$1,398,999

NET INCOME(LOSS) FROM OPERATIONS	(\$148,544)
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NON-OPERATING REVENUES AND EXPENSES

Interest income	\$0
Gain(loss) on sale of fixed assets and misc. income	\$0
TOTAL OTHER INCOME/LOSS	\$0

TOTAL NET INCOME/LOSS	(\$148,544)
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RETAINED EARN./FUND BAL. JULY 1, 2002	(\$4,222,326)
Current year income(loss)	(\$148,544)
Prior year adjustments	(\$4,318)
RETAINED EARN./FUND BAL. JUNE 30, 2003	(\$4,375,188)

Auto Physical Damage

Claims Reported 7/1/2003 - 6/30/2004		
	Agency	Number of Claims Reported
0500	DEPT. TRANSPORTATION & DEVELOPMNT	828
2200	DEPARTMENT OF PUBLIC SAFETY	637
2000	DEPARTMENT OF CORRECTIONS	383
3700	DEPT. OF AGRICULTURE & FORESTRY	368
1000	DEPT. OF HEALTH AND HOSPITALS	204
1800	DEPARTMENT OF SOCIAL SERVICES	163
2800	DEPT. OF WILDLIFE & FISHERIES	162
4400	LSU SYSTEM	161
4800	TRUSTEES SYSTEM OF UNIVERSITIES	160
0010	EXECUTIVE DEPARTMENT	51
2170	DEPARTMENT OF YOUTH DEVELOPMENT	51
3100	DEPT. CULTURE, RECREATION, TOURISM	43
2400	DEPT OF ENVIRONMENTAL QUALITY	42
3400	DEPARTMENT OF JUSTICE	39
0400	DIVISION OF ADMINISTRATION	37
6000	LA. COMMUNITY & TECHNICAL COLLEGE SYSTEM	28
4600	SOUTHERN UNIVERSITY SYSTEM	23
7200	MISC. BOARDS & COMMISSIONS	22
2900	DEPARTMENT OF REVENUE	18
5800	SPECIAL SCHOOLS & EDUCATN AGENCY	18
0900	LSUMC HEALTH CARE SERVICES DIVISION	17
3500	DEPARTMENT OF ELECTIONS	11
2300	DEPARTMENT OF NATURAL RESOURCES	10
2600	DEPARTMENT OF LABOR	10
4100	DEPARTMENT OF EDUCATION	8
7600	LEGISLATURE	6
7700	JUDICIARY	4
2500	DEPT. ECONOMIC DEVELOPMENT	2
3300	DEPARTMENT OF STATE	2
4000	DEPARTMENT OF INSURANCE	2
9996	NON-AGENCY CLAIMS	2
3000	DEPARTMENT OF CIVIL SERVICE	1
4300	DEPARTMENT OF PUBLIC SERVICE	1
7000	EMPLOYEE BENEFIT SYSTEMS	1
	Sum:	3515

Bonds and Crime

Balance Sheet	BONDS	CRIME
<u>ASSETS</u>		
Cash & investments - State Treasury	\$690,045	\$857,607
Insurance/reinsurance balances receivable	\$1,468	\$158
Less reserve for abolished agencies	\$0	\$0
Interest receivable and other assets	\$26	\$33
Prepaid insurance	\$0	\$0
Machinery	\$995	\$2,089
Less: Accumulated depreciation	\$509	\$1,603
TOTAL ASSETS	\$692,025	\$858,284
<u>LIABILITIES AND FUND EQUITY</u>		
<u>LIABILITIES</u>		
Loss and expense reserves	\$535,806	\$164,100
Unearned premium	\$0	\$0
Other liabilities	\$694	\$298
TOTAL LIABILITIES	\$536,500	\$164,398
<u>FUND EQUITY</u>		
TOTAL FUND EQUITY	\$155,525	\$693,886
TOTAL LIABILITIES AND FUND EQUITY	\$692,025	\$858,284
 Statement of Revenues and Expenses		
<u>OPERATING REVENUES</u>		
Premiums written	\$195,400	\$86,702
General fund appr./non-tort reimbursement	\$0	\$0
Add unearned premium from prior year	\$0	\$0
Less unfunded premium	\$0	\$0
Less unearned premium as of date of statement	\$0	\$0
Less cost of insurance	\$227,915	\$507,784
TOTAL INCOME	(\$32,515)	(\$421,082)
<u>OPERATING EXPENSES</u>	\$266,408	\$43,289
General and administrative expenses	\$7,342	\$3,146
Claims cost:	\$69,506	\$226,852
Losses	\$156,243	\$452
Allocated loss adjustment expense	\$1,730	\$690
Unallocated loss adjustment expense	\$882	\$378
Change in provision for losses/expenses	(\$111,398)	(\$59,263)
TOTAL EXPENSES	\$54,799	(\$54,597)
 NET INCOME(LOSS) FROM OPERATIONS	 (\$87,314)	 (\$366,485)
 <u>NON-OPERATING REVENUES AND EXPENSES</u>		
Interest income	\$1,017	\$1,944
Gain(loss) on sale of fixed assets and misc. income	\$0	\$0
TOTAL OTHER INCOME/LOSS	\$1,017	\$1,944
 TOTAL NET INCOME/LOSS	 (\$86,297)	 (\$364,541)
 RETAINED EARN./FUND BAL. JULY 1, 2001	 \$242,053	 \$1,058,476
Current year income(loss)	(\$86,297)	(\$364,541)
Prior year adjustments	(\$231)	(\$49)
RETAINED EARN./FUND BAL. JUNE 30, 2002	\$155,525	\$693,886

Bonds and Crime

Claims Reported 7/1/2003 - 6/30/2004		
	Agency	Number of Claims Reported
4800	TRUSTEES SYSTEM OF UNIVERSITIES	10
4400	LSU SYSTEM	8
0900	LSUMC HEALTH CARE SERVICES DIVISION	3
0400	DIVISION OF ADMINISTRATION	2
2300	DEPARTMENT OF NATURAL RESOURCES	2
1000	DEPT. OF HEALTH AND HOSPITALS	1
1800	DEPARTMENT OF SOCIAL SERVICES	1
2900	DEPARTMENT OF REVENUE	1
3500	DEPARTMENT OF ELECTIONS	1
6000	LA. COMMUNITY & TECHNICAL COLLEGE SYSTEM	1
7600	LEGISLATURE	1
	Sum:	31

Workers Comp and Maritime

Balance Sheet	WORKER'S COMP	MARITIME
<u>ASSETS</u>		
Cash & investments - State Treasury	\$48,944,169	\$277,797
Insurance/reinsurance balances receivable	\$5,572,310	\$0
Less reserve for abolished agencies	\$0	\$0
Interest receivable and other assets	\$1,859	\$11
Prepaid insurance	\$0	\$349,619
Machinery	\$317,864	\$28,587
Less: Accumulated depreciation	\$184,896	\$22,266
TOTAL ASSETS	\$54,651,306	\$633,748
<u>LIABILITIES AND FUND EQUITY</u>		
<u>LIABILITIES</u>		
Loss and expense reserves	\$169,357,543	\$4,043,895
Unearned premium	\$0	\$0
Other liabilities	\$2,251,991	\$14,156
TOTAL LIABILITIES	\$171,609,534	\$4,058,051
<u>FUND EQUITY</u>		
TOTAL FUND EQUITY	(\$116,958,228)	(\$3,424,303)
TOTAL LIABILITIES AND FUND EQUITY	\$54,651,306	\$633,748
<u>Statement of Revenues and Expenses</u>		
<u>OPERATING REVENUES</u>		
Premiums written	\$29,295,446	\$1,150,576
General fund appr./non-tort reimbursement	\$0	\$0
Add unearned premium from prior year	\$0	\$0
Less unfunded premium	\$0	\$0
Less unearned premium as of date of statement	\$0	\$0
Less cost of insurance	\$874,406	\$348,279
TOTAL INCOME	\$28,421,040	\$802,297
<u>OPERATING EXPENSES</u>		
General and administrative expenses	\$1,166,546	\$33,903
Claims cost:		
Losses	\$34,053,976	\$5,306,731
Allocated loss adjustment expense	\$2,542,195	\$309,089
Unallocated loss adjustment expense	\$4,297,807	\$4,475
Change in provision for losses/expenses	\$6,499,103	(\$1,502,900)
TOTAL EXPENSES	\$48,559,627	\$4,151,298
NET INCOME(LOSS) FROM OPERATIONS	(\$20,138,587)	(\$3,349,001)
<u>NON-OPERATING REVENUES AND EXPENSES</u>		
Interest income	\$93,404	\$2,957
Gain(loss) on sale of fixed assets and misc. income	\$0	\$0
TOTAL OTHER INCOME/LOSS	\$93,404	\$2,957
TOTAL NET INCOME/LOSS	(\$20,045,183)	(\$3,346,044)
RETAINED EARN./FUND BAL. JULY 1, 2001	(\$97,715,699)	(\$77,331)
Current year income(loss)	(\$20,045,183)	(\$3,346,044)
Prior year adjustments	\$802,654	(\$928)
RETAINED EARN./FUND BAL. JUNE 30, 2002	(\$116,958,228)	(\$3,424,303)

Workers Comp and Maritime

Workers Comp Claims Reported 7/1/2003 - 6/30/2004		
	Agency	Number of Claims Reported
1000	DEPT. OF HEALTH AND HOSPITALS	2194
4400	LSU SYSTEM	1602
0900	LSUMC HEALTH CARE SERVICES DIVISION	1272
4800	TRUSTEES SYSTEM OF UNIVERSITIES	718
0500	DEPT. TRANSPORTATION & DEVELPMNT	674
2000	DEPARTMENT OF CORRECTIONS	503
1800	DEPARTMENT OF SOCIAL SERVICES	372
2170	DEPARTMENT OF YOUTH DEVELOPMENT	294
2200	DEPARTMENT OF PUBLIC SAFETY	264
0010	EXECUTIVE DEPARTMENT	227
3700	DEPT. OF AGRICULTURE & FORESTRY	176
5800	SPECIAL SCHOOLS & EDUCATN AGENCY	174
4600	SOUTHERN UNIVERSITY SYSTEM	130
6000	LA. COMMUNITY & TECHNICAL COLLEGE SYSTEM	127
0400	DIVISION OF ADMINISTRATION	101
3100	DEPT. CULTURE, RECREATION, TOURISM	86
2800	DEPT. OF WILDLIFE & FISHERIES	81
4100	DEPARTMENT OF EDUCATION	58
2600	DEPARTMENT OF LABOR	53
2900	DEPARTMENT OF REVENUE	35
7200	MISC. BOARDS & COMMISSIONS	31
2400	DEPT OF ENVIRONMENTAL QUALITY	28
4000	DEPARTMENT OF INSURANCE	25
7700	JUDICIARY	18
2300	DEPARTMENT OF NATURAL RESOURCES	12
3400	DEPARTMENT OF JUSTICE	12
7600	LEGISLATURE	11
7000	EMPLOYEE BENEFIT SYSTEMS	8
3300	DEPARTMENT OF STATE	7
3500	DEPARTMENT OF ELECTIONS	6
3000	DEPARTMENT OF CIVIL SERVICE	5
4300	DEPARTMENT OF PUBLIC SERVICE	5
2500	DEPT. ECONOMIC DEVELOPMENT	4
3600	DEPARTMENT OF THE TREASURY	2
3200	LIEUTENANT GOVERNOR	1
	Sum:	9316

Maritime Claims Reported 7/1/2003 - 6/30/2004		
	Agency	Number of Claims Reported
0500	DEPT. TRANSPORTATION & DEVELPMNT	35
2800	DEPT. OF WILDLIFE & FISHERIES	30
5800	SPECIAL SCHOOLS & EDUCATN AGENCY	5
	Sum:	70

Property

PROPERTY RISK GROUP

Balance Sheet

ASSETS

Cash & investments - State Treasury	(\$25,362,507)
Insurance/reinsurance balances receivable	\$1,245,189
Less reserve for abolished agencies	\$0
Interest receivable and other assets	\$0
Prepaid insurance	\$7,153,612
Machinery	\$24,349
Less: Accumulated depreciation	\$12,481
TOTAL ASSETS	(\$16,951,838)

LIABILITIES AND FUND EQUITY

LIABILITIES

Loss and expense reserves	\$13,574,215
Unearned premium	\$83,727
Other liabilities	\$287,169
TOTAL LIABILITIES	\$13,945,111

FUND EQUITY

TOTAL FUND EQUITY	(\$30,896,949)
TOTAL LIABILITIES AND FUND EQUITY	(\$16,951,838)

Statement of Revenues and Expenses

OPERATING REVENUES

Premiums written	\$8,302,166
General fund appr./non-tort reimbursement	\$0
Add unearned premium from prior year	\$83,727
Less unfunded premium	\$0
Less unearned premium as of date of statement	\$83,727
Less cost of insurance	\$6,708,492
TOTAL INCOME	\$1,593,674

OPERATING EXPENSES

General and administrative expenses	\$151,370
Claims cost:	
Losses	\$5,776,954
Allocated loss adjustment expense	\$107,671
Unallocated loss adjustment expense	\$599,791
Change in provision for losses/expenses	(\$854,105)
TOTAL EXPENSES	\$5,781,681

NET INCOME(LOSS) FROM OPERATIONS	(\$4,188,007)
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NON-OPERATING REVENUES AND EXPENSES

Interest income	\$0
Gain(loss) on sale of fixed assets and misc. income	\$0
TOTAL OTHER INCOME/LOSS	\$0

TOTAL NET INCOME/LOSS	(\$4,188,007)
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RETAINED EARN./FUND BAL. JULY 1, 2002	(\$26,698,095)
Current year income(loss)	(\$4,188,007)
Prior year adjustments	(\$10,847)
RETAINED EARN./FUND BAL. JUNE 30, 2003	(\$30,896,949)

Property

Claims Reported 7/1/2003 - 6/30/2004		
	Agency	Number of Claims Reported
4400	LSU SYSTEM	173
4800	TRUSTEES SYSTEM OF UNIVERSITIES	118
0500	DEPT. TRANSPORTATION & DEVELPMNT	110
2000	DEPARTMENT OF CORRECTIONS	89
1000	DEPT. OF HEALTH AND HOSPITALS	73
0010	EXECUTIVE DEPARTMENT	48
2800	DEPT. OF WILDLIFE & FISHERIES	48
0400	DIVISION OF ADMINISTRATION	47
4600	SOUTHERN UNIVERSITY SYSTEM	47
6000	LA. COMMUNITY & TECHNICAL COLLEGE SYSTEM	47
2200	DEPARTMENT OF PUBLIC SAFETY	35
3100	DEPT. CULTURE, RECREATION, TOURISM	29
0900	LSUMC HEALTH CARE SERVICES DIVISION	28
3700	DEPT. OF AGRICULTURE & FORESTRY	21
2170	DEPARTMENT OF YOUTH DEVELOPMENT	15
7200	MISC. BOARDS & COMMISSIONS	15
5800	SPECIAL SCHOOLS & EDUCATN AGENCY	13
2300	DEPARTMENT OF NATURAL RESOURCES	11
1800	DEPARTMENT OF SOCIAL SERVICES	8
4100	DEPARTMENT OF EDUCATION	5
2400	DEPT OF ENVIRONMENTAL QUALITY	3
2600	DEPARTMENT OF LABOR	3
7600	LEGISLATURE	2
3000	DEPARTMENT OF CIVIL SERVICE	1
3300	DEPARTMENT OF STATE	1
3400	DEPARTMENT OF JUSTICE	1
3500	DEPARTMENT OF ELECTIONS	1
7000	EMPLOYEE BENEFIT SYSTEMS	1
7700	JUDICIARY	1
	Sum:	994

General Liability

GENERAL LIABILITY RISK GROUP

Balance Sheet

ASSETS

Cash & investments - State Treasury	\$99,078,631
Insurance/reinsurance balances receivable	\$3,878,594
Less reserve for abolished agencies	\$0
Interest receivable and other assets	\$3,761
Prepaid insurance	\$4,940,962
Machinery	\$129,868
Less: Accumulated depreciation	\$88,405
TOTAL ASSETS	\$107,943,411

LIABILITIES AND FUND EQUITY

LIABILITIES

Loss and expense reserves	\$124,194,011
Unearned premium	\$0
Other liabilities	\$272,233
TOTAL LIABILITIES	\$124,466,244

FUND EQUITY

TOTAL FUND EQUITY	(\$16,522,833)
TOTAL LIABILITIES AND FUND EQUITY	\$107,943,411

Statement of Revenues and Expenses

OPERATING REVENUES

Premiums written	\$18,333,316
General fund appr./non-tort reimbursement	\$0
Add unearned premium from prior year	\$0
Less unfunded premium	\$0
Less unearned premium as of date of statement	\$0
Less cost of insurance	\$4,940,962
TOTAL INCOME	\$13,392,354

OPERATING EXPENSES

General and administrative expenses	\$476,617
Claims cost:	
Losses	\$5,550,655
Allocated loss adjustment expense	\$7,240,813
Unallocated loss adjustment expense	\$174,934
Change in provision for losses/expenses	\$21,591,528
TOTAL EXPENSES	\$35,034,547

NET INCOME(LOSS) FROM OPERATIONS	(\$21,642,193)
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NON-OPERATING REVENUES AND EXPENSES

Interest income	\$162,735
Gain(loss) on sale of fixed assets and misc. income	\$0
TOTAL OTHER INCOME/LOSS	\$162,735

TOTAL NET INCOME/LOSS	(\$21,479,458)
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RETAINED EARN./FUND BAL. JULY 1, 2002	\$5,172,908
Current year income(loss)	(\$21,479,458)
Prior year adjustments	(\$216,283)
RETAINED EARN./FUND BAL. JUNE 30, 2003	(\$16,522,833)

General Liability

Claims Reported 7/1/2003 - 6/30/2004		
	Agency	Number of Claims Reported
4800	TRUSTEES SYSTEM OF UNIVERSITIES	271
4400	LSU SYSTEM	211
1000	DEPT. OF HEALTH AND HOSPITALS	178
0500	DEPT. TRANSPORTATION & DEVELOPMNT	174
2000	DEPARTMENT OF CORRECTIONS	173
0900	LSUMC HEALTH CARE SERVICES DIVISION	59
2200	DEPARTMENT OF PUBLIC SAFETY	58
7200	MISC. BOARDS & COMMISSIONS	57
6000	LA. COMMUNITY & TECHNICAL COLLEGE SYSTEM	49
1800	DEPARTMENT OF SOCIAL SERVICES	46
4600	SOUTHERN UNIVERSITY SYSTEM	42
3100	DEPT. CULTURE, RECREATION, TOURISM	37
0010	EXECUTIVE DEPARTMENT	36
0400	DIVISION OF ADMINISTRATION	27
2170	DEPARTMENT OF YOUTH DEVELOPMENT	26
3700	DEPT. OF AGRICULTURE & FORESTRY	25
2300	DEPARTMENT OF NATURAL RESOURCES	22
7700	JUDICIARY	17
2800	DEPT. OF WILDLIFE & FISHERIES	15
2400	DEPT OF ENVIRONMENTAL QUALITY	12
5800	SPECIAL SCHOOLS & EDUCATN AGENCY	9
9996	NON-AGENCY CLAIMS	9
4100	DEPARTMENT OF EDUCATION	8
3300	DEPARTMENT OF STATE	4
3500	DEPARTMENT OF ELECTIONS	4
2600	DEPARTMENT OF LABOR	3
4000	DEPARTMENT OF INSURANCE	3
2900	DEPARTMENT OF REVENUE	2
3600	DEPARTMENT OF THE TREASURY	2
7000	EMPLOYEE BENEFIT SYSTEMS	2
7600	LEGISLATURE	2
2500	DEPT. ECONOMIC DEVELOPMENT	1
3400	DEPARTMENT OF JUSTICE	1
7800	DEEP WATER PORTS (NOT COVERED BY ORM)	1
9000	ABOLISHED AGENCIES	1
	Sum:	1587

Personal Injury

PERSONAL INJURY

Balance Sheet

ASSETS

Cash & investments - State Treasury	\$7,152,879
Insurance/reinsurance balances receivable	\$109,054
Less reserve for abolished agencies	\$0
Interest receivable and other assets	\$272
Prepaid insurance	\$428,400
Machinery	\$4,730
Less: Accumulated depreciation	\$2,724
TOTAL ASSETS	\$7,692,611

LIABILITIES AND FUND EQUITY

LIABILITIES

Loss and expense reserves	\$70,626,473
Unearned premium	\$0
Other liabilities	\$225,049
TOTAL LIABILITIES	\$70,851,522

FUND EQUITY

TOTAL FUND EQUITY	(\$63,158,911)
TOTAL LIABILITIES AND FUND EQUITY	\$7,692,611

Statement of Revenues and Expenses

OPERATING REVENUES

Premiums written	\$11,196,456
General fund appr./non-tort reimbursement	\$0
Add unearned premium from prior year	\$0
Less unfunded premium	\$0
Less unearned premium as of date of statement	\$0
Less cost of insurance	\$0
TOTAL INCOME	\$11,196,456

OPERATING EXPENSES

General and administrative expenses	\$361,851
Claims cost:	
Losses	\$1,968,433
Allocated loss adjustment expense	\$5,275,012
Unallocated loss adjustment expense	\$150,457
Change in provision for losses/expenses	\$7,243,369
TOTAL EXPENSES	\$14,999,122

NET INCOME(LOSS) FROM OPERATIONS	(\$3,802,666)
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NON-OPERATING REVENUES AND EXPENSES

Interest income	\$12,900
Gain(loss) on sale of fixed assets and misc. income	\$0
TOTAL OTHER INCOME/LOSS	\$12,900

TOTAL NET INCOME/LOSS	(\$3,789,766)
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RETAINED EARN./FUND BAL. JULY 1, 2002	(\$59,143,122)
Current year income(loss)	(\$3,789,766)
Prior year adjustments	(\$226,023)
RETAINED EARN./FUND BAL. JUNE 30, 2003	(\$63,158,911)

Personal Injury

Claims Reported 7/1/2003 - 6/30/2004		
	Agency	Number of Claims Reported
2000	DEPARTMENT OF CORRECTIONS	343
7700	JUDICIARY	45
2200	DEPARTMENT OF PUBLIC SAFETY	24
4400	LSU SYSTEM	24
4800	TRUSTEES SYSTEM OF UNIVERSITIES	18
1000	DEPT. OF HEALTH AND HOSPITALS	14
1800	DEPARTMENT OF SOCIAL SERVICES	12
2170	DEPARTMENT OF YOUTH DEVELOPMENT	11
4600	SOUTHERN UNIVERSITY SYSTEM	10
0900	LSUMC HEALTH CARE SERVICES DIVISION	9
3400	DEPARTMENT OF JUSTICE	7
9996	NON-AGENCY CLAIMS	7
2400	DEPT OF ENVIRONMENTAL QUALITY	6
0500	DEPT. TRANSPORTATION & DEVELOPMNT	5
4100	DEPARTMENT OF EDUCATION	4
0400	DIVISION OF ADMINISTRATION	3
2600	DEPARTMENT OF LABOR	3
2800	DEPT. OF WILDLIFE & FISHERIES	3
3700	DEPT. OF AGRICULTURE & FORESTRY	3
4000	DEPARTMENT OF INSURANCE	3
6000	LA. COMMUNITY & TECHNICAL COLLEGE SYSTEM	3
7200	MISC. BOARDS & COMMISSIONS	3
0010	EXECUTIVE DEPARTMENT	2
7600	LEGISLATURE	2
2300	DEPARTMENT OF NATURAL RESOURCES	1
2900	DEPARTMENT OF REVENUE	1
3100	DEPT. CULTURE, RECREATION, TOURISM	1
3300	DEPARTMENT OF STATE	1
3500	DEPARTMENT OF ELECTIONS	1
3600	DEPARTMENT OF THE TREASURY	1
4300	DEPARTMENT OF PUBLIC SERVICE	1
	Sum:	571

Marine, Aviation, and Boiler & Machinery

	MARINE RISK GROUP	AVIATION RISK GROUP	BOILER & MACHINERY RISK GROUP
Balance Sheet			
<u>ASSETS</u>			
Cash & investments - State Treasury	(\$8,001,031)	(\$2,987,935)	(\$2,217,748)
Insurance/reinsurance balances receivable	\$27,436	\$124,326	(\$4,097)
Less reserve for abolished agencies	\$0	\$0	\$0
Interest receivable and other assets	\$0	\$0	\$0
Prepaid insurance	\$1,569,717	\$0	\$613,047
Machinery	\$1,560	\$505	\$8,323
Less: Accumulated depreciation	\$201	\$257	\$5,640
TOTAL ASSETS	(\$6,402,519)	(\$2,863,361)	(\$1,606,115)
<u>LIABILITIES AND FUND EQUITY</u>			
<u>LIABILITIES</u>			
Loss and expense reserves	\$315,246	\$115,919	\$1,090,535
Unearned premium	\$0	\$0	\$0
Other liabilities	\$3,498	\$99	\$2,926
TOTAL LIABILITIES	\$318,744	\$116,018	\$1,093,461
<u>FUND EQUITY</u>			
TOTAL FUND EQUITY	(\$6,721,263)	(\$2,979,379)	(\$2,699,576)
TOTAL LIABILITIES AND FUND EQUITY	(\$6,402,519)	(\$2,863,361)	(\$1,606,115)
Statement of Revenues and Expenses			
<u>OPERATING REVENUES</u>			
Premiums written	\$1,772,617	\$1,087,814	\$883,778
General fund appr./non-tort reimbursement	\$0	\$0	\$0
Add unearned premium from prior year	\$0	\$0	\$0
Less unfunded premium	\$0	\$0	\$0
Less unearned premium as of date of statement	\$0	\$0	\$0
Less cost of insurance	\$1,568,561	\$1,085,889	\$591,473
TOTAL INCOME	\$204,056	\$1,925	\$292,305
<u>OPERATING EXPENSES</u>			
General and administrative expenses	\$14,816	\$1,061	\$30,932
Claims cost:			
Losses	\$70,510	\$51,566	\$760,333
Allocated loss adjustment expense	\$60,412	\$20	\$1,137
Unallocated loss adjustment expense	\$1,890	\$126	\$78,850
Change in provision for losses/expenses	\$17,949	\$64,588	\$251,916
TOTAL EXPENSES	\$165,577	\$117,361	\$1,123,168
NET INCOME(LOSS) FROM OPERATIONS	\$38,479	(\$115,436)	(\$830,863)
<u>NON-OPERATING REVENUES AND EXPENSES</u>			
Interest income	\$0	\$0	\$0
Gain(loss) on sale of fixed assets and misc. income	\$0	\$0	\$0
TOTAL OTHER INCOME/LOSS	\$0	\$0	\$0
TOTAL NET INCOME/LOSS	\$38,479	(\$115,436)	(\$830,863)
RETAINED EARN./FUND BAL. JULY 1, 2002	(\$6,757,178)	(\$2,770,750)	(\$1,867,882)
Current year income(loss)	\$38,479	(\$115,436)	(\$830,863)
Prior year adjustments	(\$2,564)	(\$93,193)	(\$831)
RETAINED EARN./FUND BAL. JUNE 30, 2003	(\$6,721,263)	(\$2,979,379)	(\$2,699,576)

Marine, Aviation and Boiler & Machinery

Claims Reported 7/1/2003 - 6/30/2004				
	Agency	Aviation	Boiler & Machinery	Marine
0010	EXECUTIVE DEPARTMENT		5	
0400	DIVISION OF ADMINISTRATION		5	
0500	DEPT. TRANSPORTATION & DEVELOPMNT		3	87
0900	LSUMC HEALTH CARE SERVICES DIVISION		5	
1000	DEPT. OF HEALTH AND HOSPITALS		27	
2000	DEPARTMENT OF CORRECTIONS		2	
2170	DEPARTMENT OF YOUTH DEVELOPMENT		1	
2200	DEPARTMENT OF PUBLIC SAFETY	4	2	
2400	DEPT OF ENVIRONMENTAL QUALITY	2		
2800	DEPT. OF WILDLIFE & FISHERIES			1
3700	DEPT. OF AGRICULTURE & FORESTRY		1	
4400	LSU SYSTEM		35	
4600	SOUTHERN UNIVERSITY SYSTEM		15	
4800	TRUSTEES SYSTEM OF UNIVERSITIES	4	29	
5800	SPECIAL SCHOOLS & EDUCATN AGENCY		2	
6000	LA. COMMUNITY & TECHNICAL COLLEGE SYSTEM		5	
7200	MISC. BOARDS & COMMISSIONS		1	
	Sum:	10	138	88

Medical Malpractice

MEDICAL MALPRACTICE

Balance Sheet

ASSETS

Cash & investments - State Treasury	\$180,589,517
Insurance/reinsurance balances receivable	\$4,695,441
Less reserve for abolished agencies	\$0
Interest receivable and other assets	\$8,248
Prepaid insurance	\$0
Machinery	\$51,497
Less: Accumulated depreciation	\$10,089
TOTAL ASSETS	\$185,334,614

LIABILITIES AND FUND EQUITY

LIABILITIES

Loss and expense reserves	\$368,805,857
Unearned premium	\$0
Other liabilities	\$300,887
TOTAL LIABILITIES	\$369,106,744

FUND EQUITY

TOTAL FUND EQUITY	(\$178,772,130)
TOTAL LIABILITIES AND FUND EQUITY	\$190,334,614

Statement of Revenues and Expenses

OPERATING REVENUES

Premiums written	\$30,125,537
General fund appr./non-tort reimbursement	\$0
Add unearned premium from prior year	\$0
Less unfunded premium	\$0
Less unearned premium as of date of statement	\$0
Less cost of insurance	\$0
TOTAL INCOME	\$30,125,537

OPERATING EXPENSES

General and administrative expenses	\$293,410
Claims cost:	
Losses	\$21,054,577
Allocated loss adjustment expense	\$6,886,736
Unallocated loss adjustment expense	\$522,003
Change in provision for losses/expenses	(\$15,459,029)
TOTAL EXPENSES	\$13,297,697

NET INCOME(LOSS) FROM OPERATIONS	\$16,827,840
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NON-OPERATING REVENUES AND EXPENSES

Interest income	\$324,144
Gain(loss) on sale of fixed assets and misc. income	\$0
TOTAL OTHER INCOME/LOSS	\$324,144

TOTAL NET INCOME/LOSS	\$17,151,984
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RETAINED EARN./FUND BAL. JULY 1, 2002	(\$195,725,900)
Current year income(loss)	\$17,151,984
Prior year adjustments	(\$198,214)
RETAINED EARN./FUND BAL. JUNE 30, 2003	(\$178,772,130)

Medical Malpractice

Claims Reported 7/1/2003 - 6/30/2004		
	Agency	Number of Claims Reported
0900	LSUMC HEALTH CARE SERVICES DIVISION	319
4400	LSU SYSTEM	279
1000	DEPT. OF HEALTH AND HOSPITALS	46
2000	DEPARTMENT OF CORRECTIONS	5
4800	TRUSTEES SYSTEM OF UNIVERSITIES	4
0010	EXECUTIVE DEPARTMENT	2
0400	DIVISION OF ADMINISTRATION	2
6000	LA. COMMUNITY & TECHNICAL COLLEGE SYSTEM	1
	Sum:	658

LSUMC Health Care Services Claims Reported 7/1/2003 - 6/30/2004		
	Agency	Number of Claims Reported
0926	MEDICAL CENTER OF LA AT N.O.	138
0912	EARL K. LONG MEDICAL CENTER	52
0914	HUEY P. LONG MEDICAL CENTER	40
0924	LEONARD J. CHABERT MEDICAL CNTR	24
0916	UNIVERSITY MEDICAL CENTER	22
0918	W. O. MOSS REGIONAL MED. CENTER	21
0920	LALLIE KEMP REGIONAL MED. CENTER	15
0922	WASHINGTON-ST. TAMMANY RMC	7
	Sum:	319

LSU System Claims Reported 7/1/2003 - 6/30/2004		
	Agency	Number of Claims Reported
4485	LSU HEALTH SERVICES-SHREVE-GENERAL OPER.	135
4490	LSU HEALTH SERVICES-N.O.-GENERAL OPER.	106
4488	E.A. CONWAY MEDICAL CENTER	38
	Sum:	279

Road Hazards

ROAD HAZARDS

Balance Sheet

ASSETS

Cash & investments - State Treasury	(\$318,596,625)
Insurance/reinsurance balances receivable	\$0
Less reserve for abolished agencies	\$0
Interest receivable and other assets	\$0
Prepaid insurance	\$0
Machinery	\$70,921
Less: Accumulated depreciation	\$18,136
TOTAL ASSETS	(\$318,543,840)

LIABILITIES AND FUND EQUITY

LIABILITIES

Loss and expense reserves	\$291,179,683
Unearned premium	\$0
Other liabilities	\$404,480
TOTAL LIABILITIES	\$291,584,163

FUND EQUITY

TOTAL FUND EQUITY	(\$605,128,003)
TOTAL LIABILITIES AND FUND EQUITY	(\$313,543,840)

Statement of Revenues and Expenses

OPERATING REVENUES

Premiums written	\$0
General fund appr./non-tort reimbursement	\$16,215,996
Add unearned premium from prior year	\$0
Less unfunded premium	\$0
Less unearned premium as of date of statement	\$0
Less cost of insurance	\$4,631,000
TOTAL INCOME	\$11,584,996

OPERATING EXPENSES

General and administrative expenses	\$947,385
Claims cost:	
Losses	(\$40,537)
Allocated loss adjustment expense	\$7,994,688
Unallocated loss adjustment expense	\$750,699
Change in provision for losses/expenses	\$25,378,643
TOTAL EXPENSES	\$35,030,878

NET INCOME(LOSS) FROM OPERATIONS	(\$23,445,882)
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NON-OPERATING REVENUES AND EXPENSES

Interest income	\$0
Gain(loss) on sale of fixed assets and misc. income	\$0
TOTAL OTHER INCOME/LOSS	\$0

TOTAL NET INCOME/LOSS	(\$23,445,882)
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RETAINED EARN./FUND BAL. JULY 1, 2002	(\$581,303,366)
Current year income(loss)	(\$23,445,882)
Prior year adjustments	(\$378,755)
RETAINED EARN./FUND BAL. JUNE 30, 2003	(\$605,128,003)

Road Hazards

Claims Reported 7/1/2003 - 6/30/2004		
	Agency	Number of Claims Reported
17	EAST BATON ROUGE #1	201
28	LAFAYETTE	77
53	TANGIPAHOA	77
52	ST. TAMMANY	75
09	CADDO	69
10	CALCASIEU	66
36	ORLEANS	57
26	JEFFERSON	56
32	LIVINGSTON	56
55	TERREBONNE	55
23	IBERIA	51
40	RAPIDES	44
37	OUACHITA	42
24	IBERVILLE	40
03	ASCENSION	39
51	ST. MARY	34
05	AVOUELLES	33
01	ACADIA	30
44	ST. BERNARD	28
29	LAFOURCHE	26
61	WEST BATON ROUGE	26
50	ST. MARTIN	25
57	VERMILLION	22
49	ST. LANDRY	20
04	ASSUMPTION	19
19	EAST FELICIANA	19
27	JEFFERSON DAVIS	19
39	POINT COUPEE	16
48	ST. JOHN THE BAPTIST	16
08	BOSSIER	15
35	NATCHITOCHES	15
59	WASHINGTON PARISH	15
45	ST. CHARLES	14
22	GRANT	13
31	LINCOLN	13
58	VERNON	13
21	FRANKLIN	12
63	WEST FELICIANA	12
20	EVANGELINE	11
43	SABINE	10
47	ST. JAMES	10
02	ALLEN	9
42	RICHLAND	9
64	WINN	9
07	BIENVILLE	8
16	DESOTO	8

60	WEBSTER	8
13	CATAHOULA	6
15	CONCORDIA	6
33	MADISON	6
38	PLAQUEMINES	6
56	UNION	6
30	LASALLE	5
34	MOREHOUSE	5
06	BEAUREGARD	4
25	JACKSON	4
18	EAST CARROLL	3
14	CLAIBORNE	2
46	ST. HELENA	2
54	TENSAS	2
12	CAMERON	1
41	RED RIVER	1
62	WEST CARROLL	1
Sum:		1602

Cause Codes for Claims Reported 7/1/2003 - 6/30/2004		
	Agency	Number of Claims Reported
4H	IMPROPER MAINTENANCE OF ROADWAY	440
42	DAMAGE FROM DOTD EQUIPMENT	297
4E	HIT FOREIGN OBJECT ON ROADWAY	129
4N	STANDING WATER ON ROADWAY	95
4U	MISCELLANEOUS NOC	82
4T	IN CONSTRUCTION AREA-WORK OF INDEPENDENT CONT.	77
4M	ROADWAY SHOULDER DEFECT	67
4O	IMPROPER SIGNING OR TRAFFIC CONTROLS	63
4B	IMPROPER DESIGN	60
4P	TREE ON ROADWAY	46
4I	IMPROPER MAINTENANCE OF TRAFFICE CONTROLS	42
4Q	ROADWAY PAINT DAMAGE	39
4A	PEDESTRIAN SLIP/FALL (ROADWAY, SIDEWALK)	38
4K	RAILROAD CROSSING	26
4L	IMPROPER INTERSECTION DESIGN	22
4D	FAILING TO MAINTAIN RIGHT OF WAY	19
4G	SLIPPERY CONDITIONS (EXCLUDE STANDING WATER)	11
4X	IMMOVABLE OBJECT OR OBSTRUCTION IN RIGHT OF WAY	11
4C	IMPROPERCONSTRUCTION	7
4F	MAN HOLE (COVERED OR UNCOVERED)	6
4R	IMPROPER DESIGN OF GUARDRAIL OR ATTENUATOR	6
4Z	IN CONSTRUCTION AREA-WORK OF DOTD FORCES	6
4V	FLOODING CAUSED BY IMPROPER MAINTENANCE	4
4Y	IMPROPER MAINTENANCE OF GUARDRAIL OR ATTENUATOR	4
4J	HIT TRAFFIC BARRICADE	3
4W	FLOODING CAUSED BY IMPROPER DESIGN	2
Sum:		1602

Miscellaneous

	MISC. TORT OTHER	NON-TORT PAYMENTS	FUTURE MEDICAL FUND
Balance Sheet			
<u>ASSETS</u>			
Cash & investments - State Treasury	\$14,376,960	(\$1,255,000)	\$9,976,527
Insurance/reinsurance balances receivable	\$2,941,999	\$0	\$0
Less reserve for abolished agencies	\$0	\$0	\$0
Interest receivable and other assets	\$904	\$0	\$0
Prepaid insurance	\$0	\$0	\$0
Machinery	\$35,421	\$0	\$0
Less: Accumulated depreciation	\$26,945	\$0	\$0
TOTAL ASSETS	\$17,328,339	(\$1,255,000)	\$9,976,527
<u>LIABILITIES AND FUND EQUITY</u>			
<u>LIABILITIES</u>			
Loss and expense reserves	\$13,658,687	\$0	\$0
Unearned premium	\$0	\$0	\$0
Other liabilities	\$4,864	\$0	\$0
TOTAL LIABILITIES	\$13,663,551	\$0	\$0
<u>FUND EQUITY</u>			
TOTAL FUND EQUITY	\$3,664,788	(\$1,255,000)	(\$23,473)
TOTAL LIABILITIES AND FUND EQUITY	\$17,328,339	(\$1,255,000)	(\$23,473)
Statement of Revenues and Expenses			
<u>OPERATING REVENUES</u>			
Premiums written	\$1,410,693	\$0	\$0
General fund appr./non-tort reimbursement	\$0	\$0	\$0
Add unearned premium from prior year	\$0	\$0	\$0
Less unfunded premium	\$0	\$0	\$0
Less unearned premium as of date of statement	\$0	\$0	\$0
Less cost of insurance	\$0	\$0	\$0
TOTAL INCOME	\$1,410,693	\$0	\$0
<u>OPERATING EXPENSES</u>			
General and administrative expenses	\$48,254	\$0	\$0
Claims cost:	\$0	\$0	\$0
Losses	(\$2,694,835)	\$125,000	\$23,473
Allocated loss adjustment expense	\$158,437	\$0	\$0
Unallocated loss adjustment expense	\$5,798	\$0	\$0
Change in provision for losses/expenses	(\$1,054,314)	\$0	\$0
TOTAL EXPENSES	(\$3,536,660)	\$125,000	\$23,473
NET INCOME(LOSS) FROM OPERATIONS	\$4,947,353	(\$125,000)	(\$23,473)
<u>NON-OPERATING REVENUES AND EXPENSES</u>			
Interest income	\$34,996	\$0	\$0
Gain(loss) on sale of fixed assets and misc. income	\$0	\$0	\$0
TOTAL OTHER INCOME/LOSS	\$34,996	\$0	\$0
TOTAL NET INCOME/LOSS	\$4,982,349	(\$125,000)	(\$23,473)
RETAINED EARN./FUND BAL. JULY 1, 2002	(\$1,287,589)	(\$1,130,000)	\$0
Current year income(loss)	\$4,982,349	(\$125,000)	(\$23,473)
Prior year adjustments	(\$29,972)	\$0	\$0
RETAINED EARN./FUND BAL. JUNE 30, 2003	\$3,664,788	(\$1,255,000)	(\$23,473)

Notes to Financial Statements

INTRODUCTION

The Office of Risk Management is an agency of the State of Louisiana reporting entity and was created in accordance with Title 39; Chapter 1527:1544 of the Louisiana Revised Statutes of 1950 as a part of the Executive branch of government. The Office of Risk Management is charged with administering the self-insurance program within the State of Louisiana.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Office of Risk Management prepared its financial statements in accordance with the procedures established by the Division of Administration. The financial activities of the Office of Risk Management are accounted for on a fund basis whereby a set of separate, self-balancing accounts are maintained to account for appropriated or authorized activities. The information presented herein, is reported under the modified accrual basis of accounting as prescribed by GAAP for fund level reporting.

The general fixed assets and long-term obligations of the agency are not recognized in the accompanying financial reports presented at fund level. All capital assets of the primary government are, however, reported at the government-wide level of reporting, as required by GAAP.

Annually the State of Louisiana issues a comprehensive annual financial report which includes the activity contained in the accompanying financial statements. The comprehensive annual financial report is audited by the Louisiana Legislative Auditor.

1. FUND ACCOUNTING

General Operating Appropriations

The General Operations Fund is used to account for all general and auxiliary fund appropriated operating expenditures and minor capital acquisitions. All appropriated general and auxiliary operations revenue is accounted for in this fund.

Non-Appropriated Funds

Major State Revenues and Income Not Available - The agency collects major state revenues that are remitted to the State Treasury for deposit to statutorily dedicated funds. In addition, the agency collects funds specifically identified by the Division of Administration - Budget Office as Income Not Available that are remitted to the State Treasury. These amounts are not available to the agency for expenditure and are, therefore, not included on Statement B but are detailed on Schedule 4.

Payroll Clearing Fund - The Payroll Clearing Fund is used to account for payroll deductions and accrued benefits.

The non-appropriated funds relating to Major State Revenues, Income Not Available and Payroll Clearing are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

For purpose of this statement presentation, collections in excess of Appropriated Means of Financing are not considered income not available and therefore are included on Statement B.

2. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Office of Risk Management are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration - Office of Statewide Reporting and Accounting Policy as follows:

Revenues - State General Fund and Interim Emergency Board appropriations are recognized as the net amount warranted during the fiscal year including the 45 day close period.

Fees and self-generated revenues, interagency transfers, federal funds, intrafund revenues, non-appropriated revenues, and other financing sources (with the exception of agency funds) are recognized in the amounts earned, to the extent that they are both measurable and available.

Expenditures - Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except that obligations of employees' vested annual and sick leave are recorded as expenditures when paid.

B. IMPREST FUNDS

The agency maintains a permanent Travel and Petty Cash Imprest Fund in the amount of \$ 8500.00 as authorized by the Commissioner of Administration and advanced by the State Treasurer's Office in accordance with Title 39. The funds are permanently established and periodically replenished from agency operating funds when expenditure vouchers are presented.

C. LEAVE

1. ANNUAL AND SICK LEAVE

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits. Act 343 of 1993 allows members of the Louisiana State Employees' Retirement System, upon application for retirement, the option of receiving an actuarially determined lump sum payment for annual and sick leave which would otherwise have been used to compute years of service for retirement. The liability for unused annual leave payable at June 30, 2003 computed in accordance with the

Codification of Governmental Accounting and Financial Reporting Standards Section C60.105, is estimated to be \$494,637.50. The leave payable is recorded in the accompanying financial statements.

2. Compensatory Leave (Non-Exempt Employees)

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employee's hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2003 computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be \$ 834.03. The leave payable is recorded in the accompanying financial statements.

D. POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS PER GASB 12

LRS 42:821 through 42:880 establishes the self-insured and self-funded state employees group health care and life insurance program and authorizes the Office of Risk Management agency to provide certain continuing health care and life insurance benefits for its retired employees. Substantially all of the agency's employees become eligible for those benefits if they reach normal retirement age while working for the agency. Monthly premiums are paid jointly by the employees and the employer (from the agency appropriation) for both retirees' and active employees' benefits regardless of whether benefits are provided by Group Benefits or one of the HMOs authorized by Group Benefits. The agency recognizes the cost of providing benefits as an expenditure when paid during the year. For the year ended June 30, 2003 the costs of retirees' benefits totaled \$ 140,054.71, while the number of retirees is 31. (As defined by the GASB Statement 12, dependents of a retiree should be counted as a single unit if the retiree is deceased and should not be counted if the retiree is alive.) The cost of retirees' benefits is net of participant's contribution.

E. LEASE AND RENTAL COMMITMENTS

Lease agreements, if any, have non appropriation exculpatory clauses that allow lease cancellation if the Legislature does not make an appropriation for its continuation during any future fiscal period. Total operating lease expenditures for fiscal year 2002 - 2003 amounted to \$ 18,437.71.

1. OPERATING LEASES

Operating leases are all leases which do not meet the criteria of a capital lease. Operating leases are grouped by nature (i.e. office space, equipment, etc.) and the annual rental payments for the next five fiscal years are presented in the following schedule.

<u>Nature of lease</u>	<u>FY2004</u>	<u>FY2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2008</u>	<u>FY 2009- 2013</u>
	\$ <u>18,437.71</u>	\$ <u>18,437.71</u>	\$ <u>18,437.71</u>	\$ <u>18,437.71</u>	\$ <u>18,437.71</u>	\$ _____

a. Office space						
b. Equipment						
c. Land						
d. Other						
Total	\$ 18,437.71	\$ 18,437.71	\$ 18,437.71	\$ 18,437.71	\$ 18,437.71	\$

Rental expense for operating leases with scheduled rent increases is based on the relevant lease agreement except in those cases where a temporary rent reduction is used as an inducement to enter the lease. In those instances, rental expense is determined on either a straight-line or interest basis over the term of the lease, as required by GASB 13, and not in accordance with lease terms. The agency does not have leases with scheduled rent increases due to temporary rent reductions used as an inducement to enter the lease.

F. PAYROLL AND RELATED BENEFITS ACCRUAL

Agencies are required to reflect the 2001-2002 accrued personal services cost for this fiscal year on the accompanying financial statement. The following schedule aids in doing so. As most agency units pay their employees biweekly this would require a fiscal year 2000-01 accrual calculation based on five (5) days and the fiscal year 2001-02 calculation will be based on five (5) days.

	<u>FY 2001-02</u>	<u>FY 2002-03</u>
1. 07/13/01 Payroll (gross & related)	\$ <u>207,222.00</u>	
2. 07/12/02 Payroll (gross & related)	X 50.0%	\$ <u>232,715.95</u> X 60.0%
2a. Payroll accrual	<u>103,611.00</u>	<u>103,611.00</u>
2b. Add voids and supplementals (off cycle) paid in the 45 day close with prior year appropriations.		
3. Total payroll accruals	\$ <u>97,775.43</u>	\$ <u>139,629.57</u>
4. Estimated federal receivable attributed to the accrual shown above	\$ <u>0.00</u>	\$ <u>0.00</u>

Total Agency Expenditures

5. Total programs from Schedule 1	\$137,993,917.68
6. Less: 2000-01 accrual from line 3, column 1 above	(103,611.00)
6a. Less: 2001-02 accrual from schedule 3-1	2,405,113.80
7. Plus: 2001-02 accrual from line 3, column 2 above	139,629.57
Less : Expense for reinsurance	
8. To Statement B (this should be the total for <u>all</u> programs)	<u>\$133,569,096.98</u>

Total Federal Revenue

9.	Federal Funds from Schedule 3, column VIII, line A or Schedule 3-1, column V, line 1	_____
10.	Less: 2000-01 accrual from line 4, column 1 above	_____
11.	Plus: 2001-02 accrual from line 4, column 2 above	_____
12.	To Statement B (line 4) Federal Funds	\$ <u> </u>

G. RESERVE FOR CONTINUING OPERATION(S)

The Unit is by statute allowed to retain residual fund balance in order to finance future operations. For the fiscal year ended June 30, 2003 \$12,461,983.83 as the amount reserved.

<u>Office/Fund</u>	<u>Louisiana Revised Statutes</u>	<u>Reserve for Continuing Operations</u>
<u>Self-Insurance Fund</u>	<u>39:1533</u>	<u>\$ 2,485,681.28</u>
<u>Future Medical Fund</u>	<u>39:1533.2</u>	<u>9,976,302.55</u>
<u>Total</u>		<u>\$12,461,983.83</u>

H. Liabilities for Claims and Claims Expenses

Louisiana is on the modified accrual basis. This means that expense is recognized when it becomes measurable and payable and is consequently reflected on Statements 1, 3, and 4, for example. Under GASB 34, we must also reflect those expenses which have become measurable regardless of when payable. Show in the table below those gross expenditures you have incurred which are not reflected on any of the aforementioned schedules. Show by funding source and object category.

Funding Source (list by name):	Organization #	Object	Amount
Federal:			\$
Self-Generated:			
Claims Liabilities		3650	\$1,080,800,253
Premium Overpayment		1935	478
Major State Revenue:			
Total GASB 34 accruals (gross)			<u>1,080,800,731</u>
Less: Allowance for estimated recoveries			<u>1,329,391</u>
GASB 34 liability adjustment net of estimated recoveries			<u>\$1,079,470,340</u>
Amount included above not expected to be paid in one year			<u>\$ 965,629,588</u>

ADDENDUM TO THE NOTES TO THE CAFR

1. A description of the risks of loss to which the state is exposed and the ways in which those risks of loss are handled.

There are four basic types of risks to which the State is exposed. Loss can occur as a result of (1) damage to property, (2) loss of property, (3) loss of income or increased costs because of damage to or loss of property, and (4) liability to others as a result of injury to persons or property. These four main types of risks are not mutually exclusive, they are interrelated. Many accidents and claims involve losses in several risk areas.

Risk Management is a process for identifying and controlling risks. Until the mid 70's, the traditional method of minimizing losses was to transfer risk to a commercial insurance company. Over the years, the State has been pushed toward self-insurance because of increases in insurance premiums and policy cancellations by commercial insurance companies. Now the Office of Risk Management handles the risks to which the State is exposed through a program that includes self insurance to a specific level and excess commercial insurance above that level. The \$ limits will vary according to coverage.

The best way to insure against loss, however, is through loss prevention and safety programs. Such programs help minimize losses, save money, and most importantly, protect state employees and citizens. The Office of Risk Management aggressively pursues loss prevention through its own Loss Prevention Unit.

2. A description of any significant reductions in coverage from the prior year and whether settlements exceeded coverage for each of the three preceding fiscal years.

There were no significant reductions in coverage during FY 02/03.

During the last four fiscal years, there were no claims that exceeded coverage.

There have been significant changes in case law which will have had adverse impact on the state's liability in general liability claims. On September 3, 1993, the Supreme Court of Louisiana, per case No. 93-C-0472, reversed a lower court's decision in applying Louisiana Revised Statute 13:5106 (B)(1) which provides that "(I) any suit for personal injury, the total amount recoverable, exclusive of medical care and related benefits and loss of earnings, and loss of future earnings, as provided in this Section, shall not exceed five hundred thousand dollars (\$500,000)." The Supreme Court held that the ceiling contravenes the constitutional proscription against sovereign immunity contained in LSA - Constitution, Article XII, § 10. As a result of this ruling, the \$500,000 ceiling on general damages in a personal injury suit was removed and the State of Louisiana faced larger exposure in suits of this nature. This action is still having an adverse effect on claims reserves.

In 1995, the Louisiana electorate ratified a constitutional amendment authorizing the Legislature to cap liability. The result was tort reform acts passed by the Legislature which

places a cap on general damages of \$500,000 with no cap on special damages , and limits joint and solidary liability to a tort feisor's allocated degree of fault.

On May 9, 1996, Act No. 63, known as the "Louisiana Governmental Claims Act", was approved by the governor. This act placed limits on all suits for personal injury and wrongful death. The act states "the total amount recoverable, including all derivative claims, exclusive of property damages, medical care and related benefits and loss of earnings, and loss of future earnings, shall not exceed five hundred thousand dollars." This tort reform, although not retroactive on open cases, will have an effect on future claims by a reduction of costs.

3. The basis for estimating unpaid claim liabilities.

The philosophy relevant to ORM's reserving policy is based on the best determination of the State's exposure taking into consideration the severity of the injury and the comparative fault if applicable. In those cases where suit has been filed, the attorney is requested to evaluate the State's exposure as early as possible in order to establish a proper reserve.

Workers Compensation reserves are based on exposure determined by the severity of injury, age of claimant, education or lack of it, and potential for return to employment.

4. The carrying amount of unpaid claims liabilities included in the comprehensive annual financial statements of the State of Louisiana at present value and range of rates used to discount them.

Prior to FY 91/92, ORM discounted claim liabilities on year end statements. Beginning in FY 91/92, the State Legislature passed an Appropriation Bill that cut ORM's funding by 99%. This was repeated in FY 92/93. For FY 93/94, ORM received funding of approximately 50% of what is needed on a cash basis. In FY 94/95 ORM received funding of approximately 70% of what is needed on a cash basis. In FY 95/96 ORM received funding of approximately 80% of what is needed on a cash basis, which included a general fund appropriation of \$10,488,526 towards deficit reduction. In FY 96/97, 97/98, 98/99, 99/00, and 00/01 ORM received funding of approximately 75% of what is needed on a cash basis. In FY 01/02, ORM received funding of approximately 53% of what was needed on a cash basis. As a result of the lack of funding over the past fiscal years, ORM's cash reserves have been depleted. Because of the lack of funding, ORM discontinued discounting and has not discounted the present value of claim liabilities since FY 89/90.

The provision for losses and loss adjustment expenses includes paid and unpaid claims and expenses associated with settling claims, including legal fees. The liability for unpaid losses and loss adjustment expenses is based on claims adjusters' evaluations of individual claims and management's evaluation and an actuarial review of experience with respect to the probable number and nature of claims arising from losses that have been incurred but have not yet been reported. The liability represents the estimated ultimate cost of settling the claims, including the effects of inflation and other economic factors. Adjustments resulting

from the settlement of losses are reflected in earnings at the time the adjustments are determined.

The present value of reserves for claim liabilities for FY 01/02 as reported on the financial statements totals \$1,089,947,573. A further breakdown of this total follows:

	Total Reserves	Net of Estimated Recoveries
Current	\$9,147,320	\$8,519,803
Long-Term	\$1,080,800,253	\$1,079,470,862
Total	\$1,089,947,573	\$1,087,990,665

Changes in Aggregate Claims Liabilities

	Beg of F/Y Liab	Claims & Changes in Est	Claim Payments	Est. Recov from settled & unsettled claims	Balance @ F/Y
1992-93	\$642,395,392	\$139,040,811	(\$113,665,754)	(\$50,031)	\$667,720,418
1993-94	\$667,720,418	\$228,995,905	(\$53,916,903)	(\$345,195)	\$842,454,225
1994-95	\$842,454,225	\$265,288,947	(\$89,878,735)	(\$345,849)	\$1,017,518,588
1995-96	\$1,017,518,588	\$273,810,423	(\$121,308,199)	(\$300,682)	\$1,169,720,130
1996-97	\$1,169,720,130	\$234,558,097	(\$150,597,533)	(\$165,541)	\$1,253,515,153
1997-98	\$1,253,515,153	\$210,274,436	(\$113,374,552)	(\$361,229)	\$1,350,053,808
1998-99	\$1,350,053,808	\$86,940,260	(\$130,637,348)	\$230,425	\$1,306,587,145
1999-00	\$1,306,587,145	\$47,490,493	(\$112,428,805)	\$902,160	\$1,242,550,593
2000-01	\$1,242,550,593	(\$67,365,094)	(\$137,702,150)	\$1,295,008	\$1,038,778,357
2001-02	\$1,038,778,357	\$136,971,803	(\$132,546,479)	\$102,913	\$1,043,306,594
2002-03	\$1,043,306,594	\$153,529,274	(\$108,999,720)	\$154,517	\$1,087,990,665

The cumulative total of estimated recoveries at June 30, 2003 is \$1,956,908. Claims payments include all allocated loss adjustment expenses including legal expense and are net of actual recoveries on settled and unsettled claims.

- The aggregate amount of claims liabilities outstanding for which annuity contracts were purchased in claimants' names and for which related liabilities have been removed from the balance sheet.

From time to time the Office of Risk Management purchases annuities as partial settlements of certain claims. The payment of the annuities to the claimants is made over a period of time by 3rd party trustees.

At June 30, 2003 there are 110 active annuities. The outstanding amount due on these 110 annuities as of June 30, 2003 was \$231,567,700.80. Of the 110 annuities, 97 contain wording which releases ORM from any and all future liability on the claims. The remaining liability, on the 13 which do not contain the wording necessary to release ORM from any possible future liability, totals \$36,717.836.20. At June 30, 2003 the total amount of annuities purchased was \$41,647,465.97.

During the fiscal period the general appropriations/ancillary auxiliary fund type employs encumbrance accounting to assure compliance with annual appropriation acts.

The Auxiliary Appropriation funds are allowed to retain excess resources to fund future program expenses as a restricted fund balance. The non-appropriated funds are not subject to budgetary control.